A Cross-National Examination of the Welfare State as an Agent of Immigrant Incorporation

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A CROSS-NATIONAL EXAMINATION OF THE WELFARE STATE AS AN AGENT OF IMMIGRANT INCORPORATION.

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Abstract

The fact that destination countries in contemporary migration are predominantly welfare states marks a distinct departure from historical patterns. While the impact of international migration on the welfare state is highly contested in the literature, the other side of the relationship—the ways in which advanced welfare states influence the incorporation of immigrants—has barely been examined. This study tests the applicability of an extension of the Welfare Regime Theory in the incorporation of foreign-born as compared to natives across 24 European nations clustered in 5 different welfare regimes. Specifically, it explores how much of the variability in self-reported economic and social capital indicators of incorporation is attributable to the nature of the welfare state and to specific theoretical traits associated with different welfare regimes. Results indicate that immigrants fare economically better in countries with comprenhensive welfare systems of social protection and that country's amount of social spending has a positive influence in the economic incorporation of foreign-labor. The impact of the welfare state on individuals' economic well-being is higher for the native-born population than for their immigrant counterparts. Generous welfare systems are also benefitial for the social capital formation of immigrant communities. Immigrants residing in countries representative of the Scandinavian regime report higher levels of generalized trust, trust in institutions and frequency of informal social contacts than immigrants residing in countries representative of other welfare regimes. The same pattern is observed for the native-born population. Country's spending in social benefits increases

the social trust and frequency of socialization of both groups, although the impact is larger for the native-born population. Country's spending in means-tested social benefits decreases social trust while country's spending in non-means-tested benefits increases it. Native-born individuals report higher levels of generalized trust and socialize more often than equivalent immigrants. However, the level of trust in country's institutions is higher for immigrant than for their native peers.

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I dedicate this dissertation to the migrants, anonymous heroes who leave their countries with the promise of a better future for their families. This study is the beginning of what I hope is a career devoted to finding solutions that makes achieving their dreams less difficult.

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Chapter One

Immigration and immigrant incorporation are salient issues. With an estimate of 200 million migrants worldwide (IOM, 2009), understanding the mechanisms behind their incorporation into host societies is not only an important theoretical issue but also a pressing political matter.

Hosting an estimated 10 per cent of international immigrants and with an annual rate of migrant stock of 2 per cent, Europe is no exception to this global trend (UN, 2009).

European countries never conceived of immigration as a permanent phenomenon. However, a large share of guest workers, who participated in the reconstruction of Europe after World War II, decided to establish residency when Europe closed its borders to international migration during the oil crisis of the 1970's. Although Europe is not novel to the immigration phenomenon; unlike earlier periods of migration, contemporary destination countries are predominantly welfare states. Moreover, recipient European countries have made immigrants' access to society's welfare benefits a preferred strategy for their incorporation (Guiraudon, 1998; 2000; Jacobson, 1996; Soysal, 1994).

The impact that international migration exerts on the welfare state is a highly contested topic in the literature, particularly as to whether international labor represents a threat for the sustainability of advanced welfare states (Eger, 2009; Rhodes, 1998; Stephens, Huber & Ray, 1999). Unexpectedly, scholarly research examining the impact of the welfare state on the economic and social incorporation of immigrants is sparse in comparison. More specifically, only a handful of systematic studies, which disentangle

the role of the welfare state from the impact of individual-level traits have been conducted on the economic incorporation of immigrants. In addition, no study with those characteristics has been performed that explores the dimension of immigrants' social incorporation. There are several reasons that may have contributed to this lack of research: the extent of the topic and its interdisciplinary nature, the disagreement among scholars regarding the notions of welfare state and immigrant incorporation and the little theoretical understanding of how the welfare and incorporation mechanisms interrelate. Yet given the relevance of the welfare state as an agent of incorporation, it is very important to understand how the welfare state relates to the incorporation of immigrants in order to design effective measures of incorporation that foster the social cohesion of recipient societies.

This study contributes to this lacuna in the literature by exploring the influence wielded by advanced welfare states in the economic well-being and social capital of immigrants as compared to native-born. Without resting merits to the role of individual-level characteristics on immigrants' incorporation variability, this study focuses on the influence of host countries' welfare systems. More specifically, this study tests the applicability of the *Welfare Regime Theory* (Esping-Andersen, 1990) on the economic and social incorporation of foreign-born individuals across 24 European nations clustered in 5 welfare state regimes: Scandinavian, Bismarckian, Anglo-Saxon, Southern, and Eastern.

Welfare regimes are considered ideal types. Some countries are "hybrids" that possess characteristics of more than one regime. Others do not correspond perfectly to the theoretical traits proposed by the theory. Therefore, in a second step of the analysis, this

study substitutes the welfare regimes predictor for constitutive traits of the welfare state such as welfare effort (social spending) and welfare scope (social spending in means-tested versus no means-tested social benefits).

Prior literature on the influence of the welfare state on the economic incorporation of immigrants has mainly revolved around the labor market (Fleischmann & Dronkers, 2007; Kogan, 2007; Wanner & Dronkers, 2005). While there is not doubt that performance variability in the job market contributes to immigrants' economic incorporation, it also can be misleading if it is understood as the only criterion. Foreign-born, particularly if moving from countries less economically advanced than the destination societies are in a more vulnerable position to compete in the host labor markets than are their native counterparts. To adequately gauge the influence of the welfare state on the economic incorporation of immigrants, it is necessary to account for the ability of the host countries' welfare structures to compensate for immigrants' economic disadvantages when settling in a new country. This study addresses prior limitations by looking at foreign-born self-reported variability to live on their income across welfare regimes, independently of market participation.

Research establishes that societies with higher levels of social capital have better democratic institutions, stronger economies, and less crime and corruption. Additionally, the citizens of these societies participate more actively in civic organizations and are more tolerant toward people different from themselves (Delhey & Newton 2005; Guiso, Sapienza & Zingales, 2004; Putnam, 1993; Uslaner, 2002). In a word, societies with higher levels of social capital are more cohesive and function better. It is thus not surprising that a major interest in current social science research is to understand how

social capital is generated. Until very recently the focus of social capital research has concentrated almost exclusively on individual-level characteristics. However, the role of the welfare state in the generation of social capital has seldom been studied, and no cross-national research has been done on the impact of different welfare states on the social capital accumulation of foreign-born populations as compared to native-born.

Cross-national past literature also presents a number of methodological constraints, which are mainly derived from the data sources available. Some previous research limitations have been: the incompatibility of cross-national data sources, a reduced number of countries and a limited number of immigrant groups. This study attempts to overcome prior data incompatibility limitations by employing a data source, the European Social Survey (ESS), specifically designed to assure dependable comparisons across European countries.

To answer the aforementioned questions, the outline of this study proceeds as follows:

Chapter 2 lays the theoretical foundation. It develops a conceptual framework that traces the expansion of the welfare state from an inward-system oriented to serve citizens only, to countries' mechanism of immigrant incorporation. In a second part of the chapter the constructs of welfare state and immigrant incorporation are defined. Additionally, the last section of the second chapter is devoted to explaining how the welfare state operates to facilitate the economic and social incorporation of immigrants.

Chapter 3 reviews prior empirical literature conducted to test the theoretical framework developed in the second chapter. This chapter is devoted to summarize past literature merits and limitations. The first section focuses on the impact of the welfare

state in the economic incorporation of immigrants. The second section covers the relationship between the welfare state and the social capital of foreign-born individuals. The chapter finishes with the research questions and hypotheses which constitute the focus of this study. Additionally, it includes a section highlighting the contribution of this study to the literature.

Chapter 4 deals with the methods portion of the study. The data sets employed are discussed as well as the construction of dependent, predictor and control variables. The end of the chapter includes a section devoted to the data analysis plan.

Chapter 5 focuses on the results of the study. It is dedicated to answering the research questions and hypotheses exposed in the third chapter of this study.

Chapter 6 concentrates on the discussion of the results stemming from the data analyses in light of the theoretical framework developed in the second chapter. Additionally, it delineates the limitations of the study and proposes an agenda for future research.

Chapter Two

The Welfare State as Agent of Immigrant Incorporation: The Theory

Foreign-born individuals are among the most vulnerable populations in receiving societies. Even the most educated face disadvantages when they compete in the labor market with comparable native-born individuals. In addition, in order to participate in the social sphere of the new countries, immigrants frequently have to compromise their cultural practices and overcome challenges such as language barriers and discrimination. Immigrants have faced up to and risen above these and other challenges for centuries, and current migration is no exception. However, in contemporary migration, unlike in earlier periods, destination countries are predominantly welfare states, and for the first time the foreign-born have access to benefits traditionally reserved only for citizens. In his report for The Council of Europe as regards the integration of immigrants Niessen indicates, "Equal access to the institutions of the welfare state is viewed as key in integrating foreign-born population. These policies are based on the notion of equality of all individuals before law" (2000, p. 31).

Study of the potential influence of the welfare state on the immigrants' settlement process is very recent in the literature, so recent that there is not yet a clear understanding of the theoretical mechanism underlying it. This should not come as a surprise, given that this subject involves unraveling the interaction of two social science constructs, the welfare state and immigrant incorporation, which themselves need further exploration. To make matters still more complex, these social science constructs (welfare state and immigrant incorporation) are opposed, at least theoretically, in two different ways. First,

the welfare state was originally created to guarantee the well-being of citizens, so that preventing access to non-members (non-citizens) was essential for its survival. Second, it involves investigating how the welfare state contributes to the social incorporation of minority groups into the referent society, and therefore to societal cohesion. Yet both multiculturalism and belonging to a minority have been associated in the literature with social division.

With these antecedents in mind, it will take several steps to unravel the theoretical mechanism underlying the role of the welfare state as a moderator of immigrant settlement processes. The first step will trace the transformation of the welfare state into an incorporation mechanism and the potential implications for the well-being of newcomers. The second step will define welfare state and immigrant incorporation in the context of this research. The last step will be devoted to how the mechanism operates, that is, how the welfare state influences the economic and social incorporation of foreign-born populations.

The Welfare State, from "Members- Only" to Incorporation Mechanism

Granting non-citizens access to social citizenship was contrary to the original foundations of the modern welfare state. To explore the role of the welfare state in the incorporation of immigrants it is necessary to understand first how the welfare state evolved from a "citizens-only covenant" to Europe's preferred structural mechanism for the incorporation of immigrants.

The postwar period witnessed the emergence of three interrelated phenomena in Europe: the expansion of the welfare state, the creation of international accords on individual human rights, and the creation of guest-worker programs.

The welfare state was founded on the pillars of the nation-state: territory and citizenship. Welfare states were therefore conceived as inward-oriented entities designed to guarantee the well-being of the members of a nation. Citizenship was the original criterion for access to welfare benefits. In addition, the authority and survival of the welfare state was assured through a binding contractual relationship with the members of a given territory. Citizens supported distributive justice in exchange for state protection in case of adversity. To last, this relationship had to be an exclusive one between the parties.

Foreign labor was considered a threat to the sustainability of the welfare state. Allowing non-citizens to enjoy the privileges set aside for citizens would jeopardize the contractual relationship between the state and its citizens. Hence citizens would be expected to withdraw their support for the welfare state if immigrants were granted parity in accessing social rights. The expectation was that states would prevent newcomers from gaining access to the social rights of citizens in order to protect the existence of the welfare system (Freeman, 1986).

This assumption about the welfare state's behavior toward foreign-born populations was proven wrong. Newcomers' basic social rights are presently not different from those of citizens in most European nations (Soysal, 1994). This counter-intuitive development of the immigrants' relationship with the welfare state stemmed from two

related phenomena: the establishment of individual human rights and the ending of the guest-worker programs aimed at rebuilding post-war Europe.

The Universal Declaration of Human Rights of 1948 and subsequent international treaties designed to protect individual basic rights (i.e., the European Convention on Human Rights of 1950) had two main repercussions for the social rights of immigrant populations. First, a supra-national movement was started, in which it was the international community that became ultimately responsible for guaranteeing the basic rights of individuals. Second, a subsequent repercussion was that personhood and residency replaced nationality as the criteria for individuals' social citizenship.

The internationalization of individual human rights expanded the nation-states' accountability for the well-being of non-citizens. The contractual relationship by which the sovereign state and its citizens agreed to support the welfare state was no longer applicable, because citizenship and territory were no longer criteria for exclusion. A new model of transnational membership founded on personhood had emerged, in which residency replaced citizenship as the criterion for social membership (Jacobson, 1996; Soysal, 1994).

The contractual relationship between the welfare state and non-citizens consolidated after the 70's oil crisis. Europe not only brought to an end the guest-worker programs initiated after the war, but also locked its borders to further immigration of foreign labor. A substantial number of guest workers decided not to return to their home countries after the programs ended. Host nations coped with the unforeseen challenge of incorporating newcomers into their social fabric, mainly by adopting two strategies. First, immigrants were granted the right of family reunification. The post-war emphasis on

basic human rights contributed to considering family reunification as an undeniable individual right. Second, immigrants were granted access to the same social rights as nationals. Two related factors contributed to this phenomenon.

First, as stated above, a new contractual relationship based on residency was established between the welfare state and the individuals living within its territory. Second, as a result of this, the principle of equality under the law held for immigrants and nationals alike. Not only were non-citizens granted access to social rights, but the extent and distribution of resources had to be equivalent for both nationals and residents. Most of the recipient countries therefore opted to grant newcomers access to the mechanisms of social protection designed originally for citizens (Guiraudon, 1998; 2000).

The unfolding of the above mentioned post-war events in Europe transformed advanced welfare states from inward-oriented entities, designed to serve only citizens, into a preferred mechanism for the incorporation of immigrants into the economic and social fabric of the recipient societies (Freeman, 2004; 2007).

The transformation of the welfare state into a mechanism of "incorporation" led the scholarly community to speculate about its impact on the newcomers' well-being. The fact that welfare states opened the door to social citizenship for immigrants on an equal basis did not mean that the amount and scope of social provisions were evenly distributed across nations. The understanding of social citizenship stemmed from the nations' welfare identity, and therefore the range of public policy outcomes varied accordingly (Bommes & Geddes, 2000; Castles, 1993). This led some researchers to anticipate that the incorporation of newcomers would depend, to a certain extent, on the type of welfare system they had access to. The reason was that social and economic

opportunities for migrants were different across welfare systems. This diversity of opportunities would, in turn, have an impact on how newcomers situated themselves in specific layers of the recipient society's social fabric (Baldwin-Edwards, 1991, 2004; Baldwin-Edwards & Schain, 1994; Faist, 1995, 1996).

At this point it is important to distinguish between two aspects of the relationship of non-citizens to advanced welfare systems in Europe. The first aspect is the extent to which welfare systems actually determine the social entitlements of foreign labor in recipient societies. The assessment of the differences in the regulations for giving immigrants access to social rights across welfare regimes is straightforward. The literature offers excellent examples of cross-national conceptual comparisons. Dorr and Faist (1997), for instance, investigated whether degree of immigrant integration could be related to differences in their social entitlements in several countries with different welfare traditions: Germany, France, Great Britain, and the Netherlands. They reported that the social entitlements offered to foreign labor did indeed vary across countries. Furthermore, given the vulnerability of the immigrant population in the labor market, they anticipated that comprehensive welfare provisions, aimed at the entire population, were better for the integration of immigrants than were residual measures designed only for specific groups. Examining the United States, Germany, and Sweden as representative of the Liberal, Conservative, and Social-Democratic welfare regimes respectively, Sainsbury (2006) reached a similar conclusion. Social entitlements for non-citizens differed across welfare systems. Moreover, she observed a pattern wherein the degree of welfare generosity was associated positively with the social entitlements granted to immigrants.

Approaching it from the perspective of the majority, the native-born population, Banting (2000) examined whether societies with expansive welfare systems withdrew support for social protection schemes after the non-citizens became settled. Not only did he not observe such a pattern, but he arrived at the conclusion that comprehensive social protection schemes were more effective than residual ones for the incorporation of immigrants into receiving societies.

The second aspect of the relationship of the welfare state to non-citizens revolves around the actual impact of the variation in social entitlements across systems on immigrants' patterns of incorporation. In other words, which characteristics of the welfare state are "responsible" for the potential differences in immigrant incorporation outcomes? More importantly, how do these characteristics operate? Unlike with the previous aspect, there is no straightforward answer to these questions. With a few exceptions, which are presented below, the impact of the welfare state's theoretical traits on the incorporation of immigrants into recipient societies has not been explored in the literature. To make matters more complicated, there is not a univocal understanding in the literature of the constructs "welfare state" and "immigrant incorporation." Therefore, in a second step, the meaning of "welfare state" and "immigrant incorporation" will be clarified in the context of this research in order to, in a third step, discuss the interpretations offered by past scholars on how the welfare state mediates the economic and social incorporation of immigrants.

Defining the Constructs

The construct of welfare state.

In his seminal work *The Three Worlds of Welfare Capitalism,* Esping-Andersen (1990) contested two popular ideas held by welfare scholars at the time: namely, that welfare states were uniform entities and that there was a linear relationship between welfare expenditure and mitigation of inequality. Instead, he sustained that welfare states were highly complex entities that varied in their ability to alleviate social and economic disparity. According to Esping-Andersen (1990) this variability was the result of specific institutional developments deriving from the interplay of decommodification, social stratification and the influence of the market, the family and the state on individual's welfare. Furthermore, he anticipated that this variability was not random; rather, welfare states followed a pattern of three ideal types or clusters: Liberal, Conservative and Social-Democratic.

Countries belonging to the Liberal welfare cluster, such as the United Kingdom and Ireland, were characterized by a heavy reliance on means-tested programs and residual universal and social insurance plans. Liberal welfare regimes trusted the market and private insurance schemes to guarantee citizens' welfare. State intervention to counteract the pervasive effects of the market on the vulnerable population was practically inexistent. Social benefits, provided mainly through means-tested programs, were very limited and strongly regulated. This system did not prioritize the redistribution of wealth as a means to foster social parity. In fact, it created a highly differentiated system of class dualism between recipients of welfare assistance and the rest of society. Welfare recipients, comprising mainly minorities and the low-income working class,

were usually stigmatized in this system. Their welfare dependency was interpreted as proof of their failure to succeed in the labor market due to their personal decisions or inadequate moral standards (Esping-Andersen, 1990: 26-29 & 61-65).

The Corporatist or Conservative welfare regime was situated in between the Liberal and the Social-Democratic clusters with regards to its ability to foster social egalitarianism. In this system, benefits were designed to perpetuate social class and status. State intervention to regulate the market was not the preferred strategy to foster social equity. Rather, the Conservative welfare cluster's trademark way of moderating the harmful consequences of a liberal economy was its reliance on pension programs administered by state insurance schemes. Countries in this cluster matched the benefits of individuals to their market position and performance. Another characteristic of this regime was that it encouraged the concept of the traditional family by tying social benefits to the male breadwinner's earnings and to his occupational status. Furthermore, social benefits were allotted to the family unit instead of to particular individuals and were provided mainly as monetary transfers rather than as services. These redistribution practices created a distinct "corporatist" social pattern, which perpetuated societal structures by replicating the market position and performance of individuals. Countries like Austria, Belgium, France, and Germany were classified as belonging to this conservative or corporatist welfare cluster (Esping-Andersen 1990: 47-54 &84-86).

The third type of welfare regime, and the one that in theory was most successful regarding wealth redistribution and the promotion of social justice, was the Social-Democratic model. Examples of countries grouped under this regime were Denmark, Finland, Netherlands, Norway and Sweden. One of the salient characteristics of the

countries under this welfare cluster was that redistribution strategies were embedded within a strict control of the liberal labor market. The rationale underlying this practice was a commitment to full employment. A pivotal feature of countries under this regime was that social provisions were universal, egalitarian and based on residency rather than market performance. In addition, their preferred strategy for financing the welfare system consisted of schemes based on taxation rather than contributions, and these schemes supported the redistribution of generous social benefits. Esping-Andersen argued that the broad scope and the redistribution practices of this type of welfare state produced in the population a sense of universal solidarity that was accompanied by a lack of stigmatization attached to welfare use. Because every person was equally eligible for welfare, all individuals had the same rights and enjoyed the same privileges regardless of market position or social status (1990: 27-29 & 65-78).

No other piece of research on advanced welfare states has been as influential and as contested as *The Three Worlds of Welfare Capitalism*. This is not surprising given that all countries possess a mixture of characteristics from different regimes. Even though the similarities that exist among countries in each welfare type make a regime taxonomy possible, the fact is that no country represents a perfect example of any one of the welfare clusters. The regimes theory should therefore be considered a qualitative classification of welfare states, and the different regimes described in it should be deemed ideal types.

The welfare state has become a subject of social scientific study in its own right since the publication of the *Three Worlds of Welfare Capitalism.* There is a vast body of literature devoted to the topic of welfare state modeling which covers a wide range of topics: modes of welfare classification, number of regimes, nature of the welfare systems,

research methods employed, and so on (i.e. Arts & Gelissen, 2002 offers and excellent review of the state-of-art on the subject of welfare state modeling).

Although the focus of this study is not welfare state modeling, there are limitations in the original classification that need to be addressed in order to clarify the concept of the welfare state pertinent to this research.

Additions to the original welfare state classification.

Some authors have argued that social policy measures affect women and men differently and that the welfare regimes theory does not correspond to the actual dynamics of gender. They argue that women's access to social citizenship does not follow the patterns and scope of men's because women do not access the labor market at the same rate as men. Consequently, their access to social benefits deriving from employment is less than that of their male counterparts. Women and men also experienced different employment conditions and the related social benefits. Women hold part-time positions more often than men and therefore are not eligible for the many social benefits deriving from full-time contracts. Furthermore, unlike men, women sometimes have to depend on their marital or maternal status to be able to make claims to benefits not stemming from employment (Bambra, 2007a; Sainsbury, 1999; Williams, 1995).

Other authors disagree with Esping-Andersen's claim that the Southern European countries (Greece, Spain and Portugal) constitute an under-developed Conservative cluster. In their opinion those countries are part of a distinct type of welfare cluster which they called Southern or Mediterranean (Bonoli, 1997; Ferrera, 1996).

According to these scholars, the Mediterranean welfare regime has characteristics of both the Social-Democratic and the Conservative regimes. This is, its welfare effort is moderate and its scope is limited. One of the redistribution practices of the Mediterranean welfare regime is the reliance on pensions in the form of cash benefits matching previous market position and performance. Although this practice might bear some resemblance to that of the Corporatist- Conservative regime, the Mediterranean regime displays a benefit "polarization" that is manifested in the over-protection of full-time, white-collar employees in the institutional market. Furthermore, another attribute of the Mediterranean welfare regime makes it similar to the Social- Democratic system, namely, the institutionalization of universal health care. However, access to health care in the Mediterranean welfare regime is not egalitarian, as it is in the Social- Democratic regime, for in the former public employees are exceptionally privileged with regard to special benefits and coverage. In addition, because of the array of services to the private sector that the state subsidizes, the boundaries between the public and the private sectors with regards to health care provisions are quite ill-defined in the Mediterranean welfare regime. The Mediterranean welfare regime is also distinctive in that it encourages a high degree of familial bonding and it fosters "clientelistic relationships" with certain groups of the population, in the form of cash subsidies given in exchange for political and social commitments (Ferrera, 1996).

Also relevant to this study is the question of how to categorize the Eastern European countries in terms of their social policy. While more uniform in this regard during the Communist regime, countries like Poland, the Czech Republic, Hungary,

Slovenia and Slovakia have diversified their social policy during the post-Socialist transition (Ferge & Juhász, 2004; Heidenreich, 2003; Manning, 2004; Potucek, 2004).

Universalism was the trademark of these countries' policies during the Socialist period, and despite diversification during the transition to democracy, there are still common elements of social policy among Eastern European countries. Some health and educational services have been privatized, and many subsidies for housing and other goods have been abolished, including those related to maternal rights. Provisions of social services have been transferred to the local communities, resulting in more discretionary delivery of services. In addition, most of these countries lack a well-developed strategy to protect the unemployed (Deacon, 2000).

The development of the welfare state in the post-Socialist countries is still under-researched, and it is too early to predict how they will develop: whether they will follow one or another of the already established models of social citizenship or whether a new model or models will surface (Kovács, 2002).

Returning to the original question of how to classify the former Socialist countries, given their common institutional and historical development and following the lead of past scholars, it seems appropriate to group these countries into a separate Eastern welfare regime.

In summary, although authors disagree on a unique typology of welfare classification, Ferrera's (1996) approach is considered one of the most precise (Bambra, 2007a, 2007b). Following Eikemo, Huisman, Bambra and Kunst (2008), this study employs Ferrera's classification with the addition of a fifth cluster comprised of the Eastern regimes plus Ukraine (see figure 1).

[Figure 1 about here]

The construct of immigrant incorporation.

The assortment of alternatives offered in the literature to name and describe the process that a foreign-born person follows after deciding to move to a new society is extensive: Immigrant integration, assimilation, adaptation, acculturation, incorporation. Political, cultural, economical and social; homogeneous versus multicultural societies; structural versus local processes. Moreover, the subject is open-ended, the terminology is highly abstract and value-laden and, to make matters even more complex, the discussion is not static but in constant transformation. Therefore, the best way to proceed for the purpose of this study is to define the meaning of immigrant incorporation in the context of this research.

The turning point for the processes involved in immigrant settlement can be traced to the mid-1960s. Scholars started then to question the dominant idea that with the passage of time immigrants would acquire the social, economical and cultural traits of the native population to such an extent that, eventually, there would be no differences between groups. This theory, known as *assimilation*, held that immigrants and natives were two distinct, homogenous groups and that for societies to function successfully the newcomers had to emulate the native-born (Gordon, 1964). Evidence proved the theory inaccurate. Differences between the native population and the offspring of immigrants persisted even after several generations. In addition to the empirical evidence, another factor that contributed to the discrediting and later abandonment of the assimilation theory was the nature of its moral foundation. Assimilation entailed an irreversible trade-

off process whereby minorities had to abandon their identities to become part of the referent society.

Both empirical evidence and the negative connotations associated with the assimilation theory moved the scientific community in the opposite direction. As a result, great emphasis was placed on protecting and nurturing the newcomers' ethnic and cultural differences as a way of easing their settlement into host societies. This new theory was called multiculturalism. It ranged from the communitarian pluralism approach, which sustained that immigrants should be granted unlimited rights to foster their own traditions (Champion, 1999), to milder forms, like the liberal multiculturalism approach, which defended equality for minorities while accounting for the traditions of recipient societies as well (Loobuyck, 2005).

The debate only intensified when the multicultural approach did not yield the expected outcomes (Entzinger, 2003; Joppke & Morawska, 2003), and authors started to question whether a "return to assimilation" was occurring as a result (Alba & Nee 1997; Brubaker, 2003; Ireland, 2004).

Critical of both the absolutizing of the multicultural approach and the simplistic discrediting of the assimilation theory, Brubaker (2001) argued that a more complex analysis was needed to understand contemporary processes of immigrant incorporation. He maintained that immigrants became assimilated, but that the concept of assimilation had changed. It had shifted from a power dynamic, where the immigrant was a passive subject expected to become a "duplicate native," to an abstract process where the migrant became like a native in certain aspects under specific circumstances which varied across groups. Under this re-conceptualization of assimilation, immigrants are not passive

subjects, but protagonists of their own process of incorporation. The change does not occur at the individual level, nor is it a matter of passing from one homogenous group to another. The process takes place across generations and from one set of heterogeneous characteristics to another set, similar to that of the referent population. In addition, assimilation is multifaceted and it involves defining for each process the context, the circumstances, the groups, the period of time, etc.

This new way of understanding assimilation, - viewing it as becoming similar to some extent to a particular referent population-, fits particularly well in the context of this research. Here the welfare state is conceptualized as the facilitator of the immigrants' process of becoming like the natives in terms of social citizenship. Incorporation, then, is the process whereby immigrants become similar to the referent population with regards to social citizenship or- access to social rights- outcomes. Incorporation is thus equivalent to the re-conceptualized assimilation notion in the sense that the welfare state is expected to empower immigrants to become "like natives" with respect to welfare outcomes.

So far this study has covered the two first steps announced at the beginning of the chapter. The first step has explained how the welfare state became an active mechanism for the incorporation of immigrants. The second step has focused on how to understand the constructs of welfare state and immigrant incorporation in the context of this research. The next step involves unraveling how the theoretical characteristics of the welfare state operate to facilitate, or fail to facilitate, the economic and social incorporation of immigrants into host societies. In other words, how do different welfare states impact the economic and social incorporation of immigrants? Do advanced welfare states act as a "redistributive apparatus" of wealth for immigrant populations? And does the degree of

welfare generosity diminish differences between natives and foreigners with regards to economic well-being and social outcomes?

How the Welfare State Mediates the Incorporation of Immigrants

The welfare state as agent of immigrant economic incorporation.

There is not a clear understanding in the literature about how the welfare state operates to influence the economic incorporation of foreign labor into the economic fabric of the recipient society. Nevertheless, scholars seem to agree that two welfare characteristics play a significant role: re-distribution practices and flexibility of access to the labor market.

To understand the interplay of those two factors it is necessary to return briefly to Esping-Andersen's (1990) conjectures on the relationship between the welfare state and the liberal market. The underlying principle for the creation of the welfare state was to provide a "safety net" to compensate for the economic inequalities stemming from a liberal economy. Given this rationale, the impact of the welfare state on the economic incorporation of immigrants seems straightforward: newcomers usually experience a greater risk of suffering economic hardship than their native counterparts; therefore, countries with expansive redistributive practices would provide the best protection against the economic disadvantages associated with settling in a new country with a liberal market economy (Banting, 2000; Dorr & Faist, 1997). Several studies have focused on testing the aforementioned hypotheses among native populations, by investigating the relationship between the welfare state and inequality reduction. Scruggs and Allan (2006) compared the capability of unemployment, sickness and pension

insurance programs to alleviate poverty across 16 countries with advanced economies. Findings revealed that in countries with comprehensive social benefits, individuals enjoyed higher living standards than in countries with residual systems of protection. Furthermore, generous benefits correlated significantly to poverty reduction, although the structure of social policies was more informative than welfare generosity per se. These findings complemented and expanded prior research, which had reported a significant and positive correlation between redistributive welfare systems and poverty and inequality reduction across welfare states (Kenworthy, 1999; Kim, 2000; Korpi & Palme 2004; Mitchell, 1991; Mitchell, Natsem & Gruen, 1994).

Authors have argued that the impact of the welfare state on the economic incorporation of newcomers may be more complex than as posited above and that the interplay of market flexibility and re-distribution practices of the state yields two well-differentiated syndromes which propitiate distinctive incorporation outcomes (Engelen, 2003; Kogan, 2007a). Accordingly, the institutional syndrome of mobility, corresponding to countries under a Liberal welfare cluster, is characterized by fairly opened labor markets paired with residual social provisions. Conversely, the attributes of the institutional syndrome of protection, corresponding to countries under the Social-Democratic and conservative systems, are protected access to labor markets coupled with more generous social provisions.

To understand how these two systems influence the economic incorporation of foreign-born individuals, it is important to recall the definition of immigrant incorporation as the process by which the well-being of non-citizens becomes similar to that of citizens through the facilitation by the welfare system. Scholars therefore

anticipated that in welfare systems under the institutional syndrome of mobility, immigrants would incorporate into the workforce more easily than in regimes under the institutional syndrome of protection. The rationale is that newcomers would have less difficulties finding employment in countries with markets that validate their education and do not restrict their access to specific areas of work than they would in countries with highly protected markets in which foreigners are permitted to work in specific areas not occupied by the native-born population. As a consequence, the difference in rate of labor market participation and performance between natives and foreigners would be smaller in welfare states with open markets than in systems where foreigners are restricted from access to particular segments of the market.

At the same time, open-market systems are also characterized by residual schemes of social protection, since they rely mainly on the market to guarantee the well-being of the population. This may result in large economic disparities in the population and create a higher risk of economic deprivation due to unemployment or under-employment. Therefore, despite having easier access to the labor market, the foreign-born, particularly at the early stages of the settlement process, may not achieve parity with the native population in terms of their ability to compete in the labor market. In addition, their participation in the workforce may be less steady than that of their native counterparts. Consequently, in welfare systems with stricter market regulations and expansive welfare provisions the differences between immigrants and natives regarding overall economic well-being would be smaller than in open-market systems. The rationale is that in the more redistributive systems immigrants would not have to be active members of the workforce to have their basic needs covered. In addition, unlike in

residual welfare systems, the disadvantages associated with the migratory process in terms of the ability to compete in the labor market would not automatically translate into economic hardship (Faist, 1996; Rueda & Pontusson, 2000).

In a word, with regards to the economic incorporation of immigrants, welfare states can be divided into those that rely more on the market and those which rely more on the system of social protection. Past literature seems to indicate that welfare states will facilitate immigrants become part of the labor force on par with the natives more easily in the former, but their economic stability and overall well-being would be better guaranteed in systems that employ comprehensive social protection mechanisms.

The welfare state as agent of immigrant social incorporation

Titmuss (1965) was convinced that the welfare state was more than the sum of its social policies. He believed that societies organized around people's well-being created a sense of common solidarity that generated social cohesion. There is little disagreement that social capital, is at the core of societal cohesion (Forrest & Kearns, 2001). What needs further exploration, however, is the role of the welfare state as generator of social capital and the implications of this mechanism for the social incorporation of immigrants. Putnam & Goss (2004) observed:

> The myriad ways in which the state encourages and discourages the formation of social capital have been underresearched. Do certain types of economic policies-say, those aimed at mitigating income inequality- facilitate the building of social capital across lines? […] Such questions represent some of the many largely unexplored frontiers in social capital research. (p.17)

Social capital, frequently assessed by social trust indicators, has been defined as "features of social life -networks, norms, and trust- that enable participants to act together more effectively to pursue shared objectives" (Putnam, 1995, p. 664).

Prior research on the relationship between the welfare state, social capital and immigration has focused either on the negative impact of ethnic diversity and multiculturalism on the social capital of advanced welfare states (Bjørnskov, 2007; Cheong, Edwards, Goulbourne & Solomos, 2007; Coffé & Geys, 2006) or on individual-level factors such as belonging to an ethnic minority or being foreign-born which have often been associated with lower levels of social capital for communities of immigrants as compared to the native population (Alesina & La Ferrara, 2000, 2002; Putnam, 2000, 2007). However, very little is known about the influence of welfare states on the social capital formation of immigrant communities as opposed to the native-born population. As with economic incorporation, do advanced welfare states act as a "redistributive apparatus" of social capital for immigrant populations? In other words, does the degree of welfare generosity diminish differences between natives and foreigners with regards to social capital? In addition, do different welfare systems differentially influence the generation of social capital?

Scholars have very recently started to investigate the role of the welfare state as generator of social capital among the general population. Two opposite perspectives dominate the literature, and one must go back to the theories on how social capital is generated to understand the origin of the discrepancy. Researchers who claim that social capital occurs mainly at the individual level, as a result of norms of reciprocity stemming from civil participation, believe that advanced welfare states hinder the accumulation of

social capital. Their argument is that pre-welfare state societies relied on networks of informal solidarity to guarantee the well-being of their members. Before the development of the welfare state, family members, communities, and organizations like the church, unions and guilds were responsible for the needs of individuals in distress. This type of informal solidarity was based on norms of reciprocity that promoted regular social interactions and therefore fostered the accumulation of social capital. According to these scholars, the establishment of the welfare state put an end to this mechanism of social capital formation. When the state became the ultimate agency responsible for citizens' well-being, the need for social networks of informal solidarity diminished. In addition, citizens' ability to work with one another stemmed from having a need to do so, and advanced welfare states suppressed this need and, ultimately, the ability. Scholars who claim that advanced welfare states are detrimental for the formation of social capital also believe that, when states assume activities that belong to the civil society, citizens become dependent and lose the ability to work together. In turn, citizens become more individualistic and less trusting of one another, which leads to a general decline in civil participation and therefore to a decline in the formation of social capital (Etzioni, 1995; Fukuyama, 2000; Putnam, 2000; Wolfe 1991).

Scholars who argue that there is a positive correlation between welfare development and social capital accumulation represent the opposite view. At the micro level, their reasoning is that generous social systems may actually facilitate informal social contacts among individuals by granting resources that influence the amount of free time they have and the quality of their social interactions. When the state guarantees the basic needs of the population, individuals do not have to invest as much time in providing

for the well-being of themselves and their families. This allows people not only to invest their time in nurturing their social ties, but also to improve the quality of the interactions. When the state provides for the care of vulnerable groups (elderly, children, single-parent families, etc.), it lifts the burden from family members, and this relief contributes positively to the nature of their interactions (Rostila, 2008, p. 30).

Past research shows that the quality of interactions among family members of different generations is higher in countries with advanced welfare states as opposed to those with residual systems (Kohli, 1999; Fritzell & Lennartsson, 2005). This rationale is also in line with Inglehart's (2006) cultural values approach. According to this author, there is a universal pattern of in-group solidarity, on which societies with under-developed welfare systems must rely in order to guarantee their survival. As societies develop to welfare states and peoples' survival is guaranteed by the state, individuals give greater importance to their own well-being and quality of life.

At the macro level, an argument in support of the welfare state as generator of social capital is that the relationship between the welfare state and the third sector does not entail a zero-sum competition. Actually, advanced welfare states and the civil society have historically maintained close ties of mutual collaboration. A common practice of the state in countries with generous social policies has been to foster civic associations by granting them economic resources and tax benefits. Likewise, civic associations have become instrumental in helping states to redistribute resources effectively and provide services to the population (Kuhnle & Alestalo, 2000; Kuhnle & Selle, 1990). Social and economic inequality have been systematically associated with lower levels of social capital (Inglehart, 1999; Bjornskov, 2006). Another argument employed to show the

positive impact of developed welfare states on the formation of social capital is that social welfare promotes social parity. Inequality fragments the civil society into inward-oriented groups that perceive other groups as completely different. Perceived differences lead to less contact among groups and greater distrust, which in turn erode social capital (Uslaner, 2002; 2003).

If, as is claimed, the welfare state can influence social capital, the next question is how does it do so? What is the causal mechanism? In an attempt to answer these questions, some authors have claimed that welfare states can both create and destroy social capital, depending on the design of their social policies. The hypothesis is that the role of the welfare state as generator of social capital is not exclusively a question of welfare effort (welfare expenditure) but of welfare design (welfare scope). Specifically, some scholars have posited that the degree of universalism in a given welfare regime, as opposed to its reliance on residual programs, is related to societies' social capital (or lack thereof) (Kumlin, 2004; Kumlin & Rothstein, 2005; Rothstein 1998).

Welfare policy design operates in three different ways to generate or to diminish social capital. First, equal access to social rights benefits gives people a sense of equality of opportunity. Social trust is at the core of social capital, and believing that one can influence one's own future is a pivotal element for the generation of social trust. Having equal access to services like health and education fosters social trust by nurturing people's optimism about their own future. However, in systems where re-distribution depends on the market and where social rights are granted only in cases of extreme need, people do not feel they have the same opportunities, since their future heavily depends on their workforce performance (Rothstein, 1998; Uslaner, 2002).

Second, societies in which all individuals have the same access to resources are more trusting and cohesive because people are more inclined to perceive themselves as part of the same community. However, in societies where people in need are singled out and become the target of specific social programs, social trust and therefore social cohesion are more difficult to generate, because different groups might perceive that they have little in common with each other (Larsen, 2007; Rothstein & Stolle, 2003). In addition, in these societies people who rely on means-tested programs (benefits granted based upon eligibility) may be perceived as a burden by the rest of the population, and such a situation contributes even further to the erosion of social cohesion (Titmuss, 1976).

The third explanation for why welfare design affects social capital is related to the concept of procedural justice. Procedural justice research suggests that being fairly treated when dealing with public institutions is as important to people as getting a positive outcome (Lind & Tyler, 1988). Procedural justice can be applied to the welfare state's capacity to promote social capital. The argument is that procedural justice is embedded in the nature and delivery of social services in the welfare state. As opposed to universal social services, where people are treated with the same respect by the welfare institutions, in residual systems each individual case must be deemed worthy of the service (Rothstein, 1998). Compared to welfare recipients in universal systems, individuals in selective systems are therefore more susceptible to arbitrary practices that lead to distrust and hinder the generation of social capital (Rothstein & Uslaner, 2005).

To summarize, little is known about how the welfare state "operates" to incorporate immigrant populations into the social fabric of recipient societies. Does social

capital differ systematically across welfare regimes among immigrant communities? And is the gap between natives and foreign-born on reported social capital smaller in more redistributive social systems? These questions have not yet been explored in the literature in a comparative setting. It has recently been proposed that the welfare states may impact social capital formation, but scholars disagree as to whether the nature of this influence is positive or negative. In addition, some authors have conjectured that a causal mechanism exists between welfare scope (i.e. reliance on means-tested versus non means-tested benefits) and social capital formation. However, the literature on welfare state and social capital is in its very early stages of development. Therefore, it is difficult to anticipate how different welfare systems will impact the incorporation of immigrant populations. Not only is the theoretical development of how the welfare state might impact social cohesion at a very early stage of development, but there is also not an adequate theoretical framework of how this mechanism might apply to immigrant populations. This study is an attempt to fill this lacuna in the literature by exploring the impact of the welfare state on the social capital formation of foreign-born communities. It investigates two aspects in particular. The first one focuses on the welfare state as generator of social capital. It explores whether the reported social capital of immigrant populations differ across countries representative of different welfare states. The second aspect takes a step further and investigates the impact of the welfare state on the social cohesion of multicultural societies. For that this study focuses on the difference between natives and immigrants on reported social capital indicators. The expectation is that the more successful the welfare system in incorporating immigrants the smaller the difference in social capital indicators between immigrants and natives.

As stated in the introduction, this chapter has laid the theoretical foundation of how the welfare state facilitates the economic and social incorporation of foreign-born individuals into recipient societies. The welfare state originated as the mechanism to protect vulnerable populations from the inequalities derived from liberal labor markets. Immigrants often find themselves at a disadvantage in competing with natives in host societies' markets. Thus, the anticipation is that immigrants will fare economically better in countries with comprehensive systems of protection.

Two opposite perspectives have been proposed as regards to the role of the welfare state in the social capital formation of communities. One perspective states that generous systems of protection promote social capital by generating a sense of community and by increasing the quality of people's interactions. The opposite perspective argues that comprehensive systems of protection erode the formation of social capital. The rationale is that developed welfare states diminish the need of networks of informal solidarity necessary for the generation of social capital. The following chapter reviews past literature testing these theoretical propositions.

Chapter Three

Testing the Theory: Past Empirical Literature on the Impact of the Welfare State on the Economic and Social Incorporation of Immigrants.

This chapter reviews the empirical literature concerning the impact of the welfare state on the economic and social incorporation of immigrants. The first section examines the relationship between different welfare regimes and the economic incorporation of foreigners into recipient societies and explores the factors associated with it. The second section investigates the role of the welfare state in promoting the social capital (social incorporation) of immigrants and the factors associated with it.

The Welfare State as Agent of Immigrants' Economic Incorporation

Research on the relationship between the welfare state and international migration is not new; there is an extensive body of literature devoted to it (for an overview, see Nannestad, 2007). Four approaches have predominated prior research on the relationship between the welfare state and international labor. The first one has focused on the extent to which welfare generosity influences migrants' settlement decisions (Allard & Danziger, 2000; Borjas, 1999). The second approach has explored whether newcomers and their descendants assimilate into or out of welfare (Barrett & McCarthy, 2008; Hansen & Lofstrom, 2003; Mats, 2009). The third perspective has investigated the claim that international labor constitutes a threat to the sustainability of developed welfare states (Kymlicka & Banting, 2006; Schierup, Hansen & Castles, 2006). The fourth and least developed approach, and which constitutes the focus of this study, has examined

how different welfare regimes actually influence the economic incorporation of foreigners into the recipient societies and which factors are associated with the process.

A popular design for exploring how the welfare state affects the economic incorporation of foreigners has been to compare immigrants from the same country of origin across destinations representative of different regimes. The rationale is that divergences in outcomes would reflect the impact of host institutions institutional arrangements on the economic incorporation of newcomers. For instance, Kogan (2003, 2007c) found that, compared to the native-born population, ex-Yugoslav immigrants in Sweden participated less in the labor market and had lower occupational status than did their counterparts living in Austria. The author suggested that a plausible explanation for the divergence in outcomes stemmed from the different welfare arrangements in the two countries. In the absence of suitable employment opportunities, the Swedish welfare system not only guaranteed the basic needs of the Ex-Yugoslav immigrants, but also offered them the opportunity to retire early or to participate in re-qualification programs to enhance their chances in the labor market. The Austrian system, on the other hand, did not offer the same level of protection, and Ex-Yugoslav immigrants had no choice but to participate in the labor market to be able to provide for themselves and their families. Another study found that immigrants from the former Soviet Union also achieved better occupational status and higher earnings in Canada than did their counterparts in Israel. The authors attributed this variation to the Canadian preference for market forces to incorporate immigrants, as opposed to the benefit system employed by the Israeli government (Lewin-Epstein, Semyonov, Kogan & Wanner, 2003).

Successive studies on the impact of the welfare state on the economic

incorporation of foreigners from multiple origins and a variety of destination countries reported a similar pattern. Relative to native-born, immigrants were usually at a disadvantage with regards to labor market participation and attainment. Moreover, the more advanced the welfare regime, the weaker was the market participation of foreigners. Accordingly, Constant and Schultz-Nielsen (2004) found that immigrants in Denmark were more often unemployed that their counterparts in Germany and attributed this disparity to the generosity of the unemployment benefits of the Nordic country. Similar results were obtained by Kesler (2006) who concluded that the system of social protection was directly related to the higher unemployment rates of foreigners living in Sweden relative to the rates in Britain and Germany. The rationale was that in Germany, employment was required to maintain residency, so that immigrants were more willing to accept a wider range of jobs in order to stay in the country. Similarly, Britain encouraged the labor market participation of immigrants by employing a marginal social protection system that did not provide enough coverage in case of unemployment.

In terms of participation in the highest occupational strata, scholars found that in Britain, the opportunities that immigrants had for competing for professional occupations with the native-born population were substantially larger than those of their counterparts in Germany. Some immigrant groups even outperformed the native population in Britain. Likewise, the economic performance of immigrant groups in the UK had a much larger range of variation than that of their counterparts in Germany. The rationale is that immigrants living in Germany benefited more from the redistribution practices of the conservative regime than their counterparts living under the less comprehensive liberal system of the UK (Buchel & Frick, 2004).

The outcomes of the above studies seem to indicate that the degree of welfare protection lessens foreigners' dependence of labor market participation to guarantee their economic well-being. To explain this apparent contradiction, scholars have employed the institutional syndromes hypothesis described in the second of this study. This hypothesis sustains that Liberal regimes may be more successful in incorporating immigrants into the labor market of recipient societies than are Conservative and Social-Democratic regimes. The justification is that in countries with an institutional syndrome of mobility, immigrants have an easier time accessing the labor market while facing a higher risk of poverty and economic hardship in case of unemployment. Conversely, immigrants living in countries with the institutional syndrome of protection, corresponding to the Social-Democratic and Conservative clusters, may have fewer opportunities to access the labor market but they will also be less vulnerable to the economic deprivation associated with unsteady market participation (Banting, 2000; Engelen, 2003; Faist, 1996).

The studies presented so far examine immigrants' market attainment and performance across welfare regimes. They seem to indicate that the best labor opportunities for foreigners are in countries corresponding to the Liberal regime. However, more employment does not necessarily lead to an economic situation comparable to that of the native-born population. Immigrants, particularly those originally from non-European countries, are usually at disadvantage to compete with the native population in host societies markets. The question that still remains, then, is whether the redistribution mechanisms of different systems are able to 'cushion' the negative economic consequences associated with getting settled in a new country. In other words: do more comprehensive welfare systems compensate for the economic

disadvantages that foreigners face in recipient societies' labor markets? Do immigrants living in countries with generous social benefits fare better economically than immigrants living in countries with residual systems of protection? And, is the economic gap between natives and foreigners smaller in countries with more developed welfare systems?

Morrissens and Sainsbury (2005) attempted to answer these questions by comparing households of immigrant and native-born populations in three aspects: the likelihood to live above poverty, poverty rate after social transfers, and the poverty rate of those for whom social transfers were the only source of income. Results did not support the welfare regime theory for foreigners although it was largely sustained for the native-born population. Only foreigners living in the United States and Sweden, archetypes of the Liberal and Social-Democratic regimes respectively, reported outcomes that supported the welfare regime theory (Esping-Andersen, 1990). Accordingly, immigrants living in Sweden had the best economic indicators and the smallest differences in economic outcomes when compared to citizens, while immigrants living in the United States presented the worst economic outcomes and the largest differences as regards economic well-being when compared to their native counterparts.

In addition to not finding support for the welfare regime theory for the immigrant population in other countries, outcomes indicated that immigrants fared worse economically than did citizens across countries, even if they were active in the labor market. The differences were larger for foreigners belonging to minority ethnic groups, and social transfers did not compensate for this disparity. Furthermore, immigrants who relied on social benefits as their main source of income were at higher risk of poverty than were citizens, regardless of type of social protection system.

A later study on the welfare state's ability to reduce poverty confirmed the lack of disparity between immigrant and citizen households in Sweden. It also called into question the welfare regime theory (Esping-Andersen, 1990) by reporting that the United Kingdom, a country representative of the liberal regime, was highly successful in preventing poverty among unemployed immigrants (Morissens, 2006).

Research appears to indicate that countries representative of the Liberal welfare regime have fewer difficulties incorporating immigrants into their labor markets than do countries representative of other regimes. As for other indicators of economic incorporation, such as the redistributive capacity of different systems, only in Sweden do immigrants seem to have outcomes similar to those of citizens.

Despite the instrumental value of these studies for understanding how different welfare regimes influence the economic incorporation of international labor, their results should be deemed as tentative due to data limitations. The limited number of countries and immigrant groups studied makes it difficult to generalize findings. In addition, the data used to examine the redistributive impact of different systems was gathered by a variety of instruments and data collection procedures. As a result, authors could not consistently distinguish between immigrants and citizens across countries. Finally, neither the strategy of observing a single immigrant group across destination countries nor that of using a variety of immigrant groups across regimes allows researchers to determine whether incorporation outcomes are the result of macro-level characteristics of the welfare state, of immigrants' individual traits, or a combination of both. Failing to separate individual-level characteristics from contextual characteristics impedes to isolate the impact of the different welfare regimes on the economic incorporation of international

labor.

Given the above limitations, in order to better determine how different welfare systems influence the economic incorporation of newcomers, it is necessary to turn to research that isolate the impact of macro factors while accounting for individuals' characteristics. This type of research design is very recent and only a handful of studies have been conducted (see Figure 2 for a description of country level factors employed to examine the impact of the welfare state in the economic incorporation of foreign-born individuals into recipient societies).

[Figure 2 about here]

One of the first studies conducted employing multilevel analysis investigated the impact of the welfare system on immigrants' household income as compared to that of natives. The welfare system was measured in terms of countries' percentage of GDP spent on social benefits and as degree of full access to the social security system. Results indicated that individual characteristics accounted for most of the variability in household income across welfare systems. Moreover, for the immigrant population, this variability was almost insignificant. In addition, immigrant households had consistently lower incomes than their native counterparts across countries, and the differences doubled for those coming from outside the European Union. Other interesting findings were that neither the welfare characteristics nor the percentage of foreign-born in a country were significant predictors of these differences (Wanner & Dronkers, 2005).

A later study investigated the effects of the welfare state on individuals'

unemployment, their occupational status and their likelihood to reach the highest segment of the labor market. It included foreign-born individuals from 132 countries of origin across 13 European destinations. Results illustrated that foreigners were more often unemployed in countries representative of the Conservative regime than in countries corresponding to the Social-Democratic system. However, the differences were not significant. Significant predictors were countries' degree of labor market protection, which hindered the opportunities of migrants to improve their occupational status, and the existence of a Liberal Regime, which was positively associated with foreigners' chances of reaching the highest segment of the market (Fleischmann & Dronkers, 2007).

Employing a different data source, the Labor Force Survey, Kogan (2007a) also examined the unemployment rate of foreign-born individuals across European welfare systems, and she did find significant differences. Foreign-born individuals migrating from other European countries had the highest unemployment rate in countries with a Social-Democratic regime. Their prospects of employment increased as they moved to countries with a Conservative regime, and those living in countries under a Liberal regime were the most frequently employed. The pattern was similar for foreigners coming from countries outside the European Union, although the differences were larger.

Past empirical literature indicates that immigrant economic incorporation varies across welfare regimes. What is not clear from previous research is the pattern of variation. Although it seems that the Liberal regime is the preferred scenario for the economic incorporation of immigrants, at least in terms of market participation, it is difficult to reach definitive conclusions given the limited number of studies conducted. Another unanswered question deals with the factors associated with this variation. If

indeed immigrants are better incorporated economically in the liberal regime, is this due to its flexible labor market? To design effective policies, it is crucial to understand the factors associated with positive outcomes of immigrant incorporation. Past research conducted to disentangle how macro-level welfare characteristics impact immigrants' economic incorporation has another important shortcoming as well--it only examines the outcomes of market participation and performance. Although the right and ability to access the labor market is an essential part of the welfare state and the well-being of individuals, the welfare state was also created to compensate for the economic inequalities derived from liberal markets. In other words, the essence of the welfare state is to facilitate economic redistribution to guarantee the well-being of the most vulnerable populations in a society. Immigrants, are usually at a disadvantage in host society markets. They face discrimination, their qualifications are often not recognized and, especially at the beginning, they might lack the social capital needed to compete with the native population in the labor market. Yet past research has hardly examined the ability of the welfare state to compensate for these inequalities. There is a need of further research, especially concerning the ability of the welfare state to compensate for the negative economic consequences associated with settling in a new country.

The Welfare State as Agent of Immigrants' Social Incorporation

The role of the welfare state in promoting the social capital (social incorporation) of immigrants has seldom been explored. Only a limited number of case studies have been conducted in countries representative of the Social-Democratic regime. However, no study has ever systematically examined whether the welfare state impacts the social

capital of foreign-born populations across countries. Additionally, no study has explored how the welfare system might mitigate the differences in social capital between natives and foreigners communities across countries.

The lack of comparative research between immigrants and natives as regards the impact of the welfare state in the formation of social capital could possibly be remedied by examining the research conducted with non-immigrant population. Unfortunately there is also very little empirical research on how different welfare regimes may impact the formation of social capital of the general population. Even fewer are the studies that examine which welfare characteristics might be related to this variation. To complicate matters, the cross-national studies that do examine the role of the welfare state as generator of social capital have yielded mixed and even contradictory results.

Nevertheless, and in spite of the incipient state of knowledge on the topic, it is still possible to identify some preliminary patterns that may guide future research. To review these patterns, this study will proceed systematically by answering two questions embedded in the theoretical framework presented in Chapter 2 of this study:

1. Does the welfare state influence the generation of social capital? If indeed there is such influence, does the welfare state promote or erode the formation of social capital?

2. What welfare state characteristics are associated with variation in social capital?

Social capital is a multifaceted concept (Bjørnskov, 2006), and authors disagree on how to define it (Coleman, 1988; Healy & Cote 2001; Putman, Leonardi & Nanetti,

1993; Serageldin & Grootaert, 2000). Despite disagreements in the conceptualization of social capital, most authors agree that social capital can be measured by employing at least two indicators: social trust and social participation.

Social trust.

Social trust is at the core of social capital and, not surprisingly, most studies examining the relationship between social capital and the welfare state have employed it. The debate on how to define and gauge social trust is not closed, and the literature offers an extensive variety of alternatives (Lewicki, Tomlinson & Gillespie, 2006; Nannestad, 2008; Soroka, Helliwell & Johnston, 2006). One of the most comprehensive working definitions is that of Delhey and Newton (2005), who operationalize trust "as the belief that others will not, at worst, knowingly or willingly do you harm, and will, at best, act in your interest" (p.105).

Although there is no consensus regarding the definition of social trust, scholars have agreed that two main types can be identified: horizontal or generalized trust (trust among individuals) and vertical or institutional trust (individuals' trust in institutions). This study focuses on the literature which tests the impact of the welfare state on these two measures of social trust.

Prior literature indicates that both generalized and institutional trust vary across countries and that the type of welfare state is a significant predictor of this variability (Crepaz, 2008; Fridberg & Kangas, 2008; Kaariainen & Lehtonen, 2006; Listhaug & Ringdal, 2008; Van Oorschot & Arts, 2005). What is not clear; however, is the pattern of variation across welfare regimes as well as the factors associated with these differences.

In 2005, Van Oorschot and Arts conducted the first systematic study to test whether a correlation existed between degree of welfare development and social capital erosion. Using the 1999-2000 wave of the European Values Survey (EVS), they specifically tested whether social trust varied across 23 countries divided into five welfare regimes. At the aggregate level, the authors found a significant and positive correlation between countries' spending on social benefits and their levels of generalized trust and trust in institutions. Furthermore, the relationship remained significant, although only for generalized trust, even after controlling for countries' income inequality. Results on differences in social trust among individuals were not as straightforward as the results between countries. Thus, while a person's trust in institutions was positively related to a country's social spending, his or her generalized trust was negatively associated with it. In other words, the more a country spent on social benefits, the more the citizens trusted the country's institutions and the less confidence they had in people they did not know. These results are very interesting because simultaneously validate two competing hypotheses. On the one hand, results support the hypothesis that advanced welfare states contribute to social capital. In this case, social capital is understood as institutional trust and measured as trust in the following institutions: the police, the social security system, the health care system, the parliament and the civil service. On the other hand, results also validate the competing hypothesis (that generous systems erode social capital) by showing that social spending negatively impacts individuals' reported generalized trust.

Additionally, results showed that persons living in a Social-Democratic welfare regime reported the highest level of generalized trust, followed by persons living in the Liberal, Mediterranean, Conservative and Eastern regimes. However, a country's amount

of social spending–a variable expected to influence social trust positively- actually decreased generalized trust. This result supports Esping-Andersen's theory (1990) that the welfare state cannot be measured only by welfare size or welfare spending (see figure 3 for a description of country level factors employed to examine the impact of the welfare state on individuals' social trust).

[Figure 3 about here]

Regarding institutional trust, people living in the Social-Democratic regime reported the highest scores followed by people living in the Liberal system. The Eastern regime ranked last. Compared to generalized trust outcomes, the scores for the Conservative regime surpassed that of the Mediterranean system. Another difference between the two social trust indicators is that country's measure for income inequality was not a significant predictor of individuals' trust in institutions while it was negatively associated with reported generalized trust.

Subsequent studies conducted with a variety of datasets, countries and methodological designs also found the welfare state to be a significant predictor of social trust both at the aggregate and at the individual level. Yet, findings were not uniform and the differences were not always significant. The only consistent finding is that the Social-Democratic regime usually ranks first in terms of reported generalized trust (Crepaz, 2008; Fridberg & Kangas, 2008; Kaariainen & Lehtonen, 2006; Listhaug & Ringdal, 2008).

As regards the pattern of differences across welfare regimes, studies do not report

a consistent pattern. Fridberg and Kangas (2008) only obtained significant results for the Eastern system. In Kaariainen and Lehtonen's (2006) study the Liberal regime surpassed the Conservative with regards to social trust followed by the Mediterranean and Eastern systems. Additionally, Listhaug and Ringdal (2008) obtained mixed evidence concerning individuals' trust in institutions. While there were no significant differences for both the Liberal and the Conservative regime, the pattern for the Mediterranean and Eastern systems varied depending on the measures employed.

Concerning quantifiable characteristics of the welfare state, studies have explored the impact of countries' welfare effort (countries' spending on social benefits) and welfare scope (or the proportion of total social benefits granted as means-tested versus non means-tested) on individuals' reported social trust. Social spending was a significant predictor of both trust in institutions and generalized trust, although not in all studies. Moreover, depending on the study, the direction of the impact was either positive (Tamilina, 2008) or negative (van Oorschot & Arts, 2005). Additionally, results illustrate that the larger the scope of the welfare state (i.e., the higher the proportion of non-means tested benefits) the higher the reported levels of social trust (Tamilina, 2008).

Other country characteristics that have been found to impact social trust have been ethnic diversity, economic inequality, and unemployment rate. Ethnic diversity has been associated with higher levels of distrust (Alesina & La Ferrara, 2002; Anderson & Paskeviciute, 2006; Knack & Keefer, 1997; Putnam, 2007; Stolle, Soroka & Johnston, 2008). However, Crepaz (2008) did not find countries' percentage of foreign-born individuals to be a significant predictor of generalized trust in the Social-Democratic regime. Countries' economic inequality negatively impacts peoples' trust in each other

(Tamilina, 2008; van Oorschot & Arts, 2005). Yet only Tamilina (2008) found a significant effect on individuals' trust in institutions. This finding is in line with previous studies which reported that income inequality erodes generalized trust (Delhey & Newton, 2005; Uslaner, 2002, 2003). Hall found that Britain's unemployment rate was detrimental to people's reported interpersonal trust (1999), but Tamilina's (2008) outcomes did not support these results. She reported that countries' unemployment rate boosted people's trust in each other and eroded their trust in institutions.

Past research seems to indicate that the type of welfare regime impacts people's social trust. Second, it appears that more comprehensive systems foster social trust, since countries with a Social-Democratic regime, the most developed welfare system, systematically obtained the highest social trust scores. The impact of social spending in social trust is unclear. One study suggested a positive influence of countries' social spending in institutional trust (Van Oorschot & Arts, 2005), and in another study it did not emerge as a significant predictor (Tamilina, 2008). The pattern is more complicated for generalized trust: in one study the relationship between countries' spending in social benefits had a positive influence in reported generalized trust (Tamilina, 2008) while in another social spending negatively impacted individuals' confidence in each other (Van Oorschot & Arts, 2005).

Welfare scope, or the amount of social spending devoted to means-tested versus non- means-tested benefits, is another welfare characteristic employed to test in relation to reported social trust. Results suggest an unequivocal pattern in terms of strength and direction: welfare scope was a significant predictor of both indicators of social trust. Furthermore, degree of universalism, or percentage of total spending devoted to non

means-tested benefits, increased social trust, while means-tested social spending decreased reported social trust (Tamilina, 2008).

Moving on to other aggregated factors, in contrast to previous research, ethnic diversity was not a significant predictor of generalized trust (Crepaz, 2008). In line with previous studies, economic inequality had a negative impact on generalized trust (Tamilina, 2008), while only one study reported a significant relationship between economic inequality and institutional trust (Tamilina, 2008). Another aggregated factor included in the analyses was countries' unemployment rate. Results were mixed: while a country's unemployment rate eroded trust in institutions, it increased people's confidence in each other (Tamilina, 2008).

Given the above results, it appears that the welfare state, in the form of universal access to social benefits and income parity, promotes the accumulation of social trust. Although that seems to be the tendency, there are at least two reasons for caution. The first is the limited number of studies: There is a need of more research before discussing trends. The second revolves around the strategies employed in analyzing data. Due to data limitations, the only studies that accounted for the factors mentioned above included all the predictors at the individual level of analysis, making it impossible to pinpoint the effect of welfare characteristics and country variables on social trust.

On the basis of the above studies it seems that there is a connection between the Social- Democratic regime and social trust. Scholars have turned to case studies to further investigate this apparent pattern. Sweden has become the focus of most studies since it best represents the Social-Democratic regime: parity in entitlements for individuals embedded in a universal approach to social citizenship. Results seems to support the

theoretical approach which links institutional fairness (not being stigmatized as needy and perceived as a societal burden), and procedural justice (being treated with equal consideration and respect when dealing with welfare services) with higher reported levels of social trust (Kumlin, 2002, 2004; Kumlin & Rothstein, 2005; Rothstein, 1998; Rothstein & Stolle, 2003).

Kumlin and Rothstein (2008) employed the institutional fairness approach to test whether experiencing equal treatment by welfare agents decreased the trust level differences between first and second-generation immigrants and the native-born in Sweden. Results suggested that this was indeed the case. Furthermore, being treated the same as the native-born when dealing with welfare institutions had a particular positive effect on the reported generalized trust of foreign-born populations. A later study obtained similar results in Denmark, this time focusing on institutional trust. Immigrants who perceived that they were treated as natives when dealing with public institutions reported higher levels of trust in the Danish legal system, the police, the government and civil servants (Nannestad & Svendsen, 2008).

A remarkable contribution of these studies is that they challenge the belief that foreign status and mistrust are irremediably linked. Furthermore, these studies show that the reported social trust of immigrants is not static and that the welfare state may play a fundamental role in promoting it.

Despite the enormous contribution of the aforementioned case studies to the understanding of the relationship between welfare state and social trust, it might be too soon to talk about definitive theoretical mechanisms. More research is needed, particularly in the form of cross-national comparative studies which will assure us that

we are not witnessing a "Nordic only" phenomenon.

Social participation.

Literature offers a variety of working definitions and classifications for social participation (for an overview, see Patulny & Svendsen, 2007). A basic understanding of social participation would be the extent to which individuals interact with one another. These interactions have been commonly classified in past literature into informal (contacts with family and friends) and formal (participating in civic society through organizational membership and/or political engagement).

As with social trust, this study employs two questions to explore the impact of the welfare state on individuals' social participation. The first question is whether the welfare state influences people's daily interactions and how is the nature of the relationship. If indeed there is such influence, does well-developed welfare state promote or impede the frequency of those interactions? The second question will focus on identifying the characteristics associated with this potential effect.

The first attempt to answer these questions was carried out by Scheepers, Grotenhuis and Gelissen in 2002. Employing data from the Eurobarometer, they examined the impact of welfare regimes across 13 countries on the frequency of contacts with family and friends by citizens 60 years of age and older. Although they found variance across welfare systems, their findings did not support past research regarding the beneficial influence of the Social-Democratic regime on social capital. They reported that older adults living in the Mediterranean regime had the highest amount of both contact with family and contact with friends. As for the rest of regimes, a consistent pattern was difficult to establish (see Figure 4 for a description of country level factors employed to

examine the impact of the welfare state on social participation of individuals).

[Figure 4 about here]

Additional analyses employing social security expenditure as a quantitative substitute for the classical qualitative welfare regime classification showed that social security expenditures eroded older adults' frequency of informal social contacts.

Although later cross-national studies including the whole population (rather than just the older adults) likewise found that the welfare state influenced individuals' frequency of contacts with family and friends, they were unable to establish a consistent regime pattern (Kaariainen & Lehtonen, 2006; Van der Meer, Scheepers & Grotenhuis, 2009; Van Oorschot & Arts, 2005).

With regards to the welfare factors associated with this variability, with the exception of Van Oorschot & Arts (2005), all the studies reported a negative correlation between countries' expenditure in social benefits and the level of social participation. Discrepancies across studies might stem from the fact that Van Oorschot & Arts (2005) did not distinguished between country and individual-level variables to test the hypotheses.

Van der Meer et al. (2009) found that the impact of social expenditures on peoples' frequency of social contacts was stronger for economically disadvantaged groups. That is, countries' expenditures on social benefits diminished the frequency of social contacts with extended family to a greater extend for people in the lowest income than for more economically advantaged individuals.

In summary, the welfare state appears to influence individuals' social participation. Unfortunately, it is not possible to establish a pattern of variation across regimes, the focus of the first question. Concerning the factors associated with this variation, it seems that social expenditures erode social participation, particularly the frequency of informal social contacts of economically vulnerable populations.

The aim of this chapter was to review past empirical research on the impact of the welfare state on the economic and social incorporation of immigrants. Concerning economic incorporation, it appears that immigrants living in countries with a Liberal welfare system gain access to the labor market more easily than their counterparts settled in countries representative of other regimes. What is not clear, however, is whether market participation translates into economic incorporation for immigrants across regimes; it is also not clear what factors can account for the variation across regimes. Further research should examine the ability of the welfare state to compensate foreigners for the economic hardship associated with settling in a new country (discrimination, lack of human and social capital, segmented markets, etc.).

Very few studies have explored the impact of the welfare state on immigrants' social incorporation. Prior literature examining the impact of the welfare state on social capital for the entire population indicates that both generalized and institutional trust vary across welfare regimes. What is not clear, however, is the pattern of variability that the welfare regimes follow or the factors associated with this variability. In addition, no study has examined whether the welfare system impacts differently the reported social capital of foreign and native populations across countries representative of different welfare regimes.

Significance of the Study

Prior literature denotes that there are several topics on the welfare state-immigrant incorporation relationship that deserve further attention.

First, despite the importance of the welfare state as a potential mechanism for the incorporation of newcomers, little research has been conducted which investigates its ability to compensate for the disadvantages faced by a foreign-born population when settling in a new country. Most previous research testing the relationship between the welfare state and the economic incorporation of immigrants has focused on work-related indicators such as income, unemployment or occupational status. Two limitations stem from this approach. The first is that foreign-born individuals present unique characteristics (limited proficiency in the host country's language, difficulties with having their employment qualifications recognized, and discrimination problems), which situate them at a disadvantage in competing with the native- born population in the labor market of recipient societies. Thus, countries with flexible markets and a high demand for unskilled labor might seem more favorable for the economic incorporation of immigrants. However, this approach is based on the assumption that degree of labor market participation leads to better economic incorporation outcomes for foreign-born population. The origin of the welfare state is founded in the idea that a redistribution mechanism was needed to compensate vulnerable populations for the inequalities stemming from participating in liberal markets. Foreign-born individuals might participate more in the market of countries with Liberal welfare systems than in countries with more generous systems of social protection. However, comprehensive welfare regimes may compensate better than residual systems of protection for the challenges

faced when settling in a new country. This perspective has not been addressed in past literature from a comparative multilevel approach.

Second, little attention has been paid to the relationship between the welfare state and the social incorporation of immigrants. Only a handful of studies have investigated the role of the welfare state in the reported social capital of foreign-born individuals. Furthermore, past literature share the peculiarity of having been conducted in countries representative of the Social-Democratic welfare regime. However, the relationship between the welfare state and social capital among foreign-born communities has not been explored in a comparative setting encompassing a wider categorization of welfare regimes and countries.

Third, despite the increasing popularity of multilevel designs this approach has not been yet fully incorporated in the study of the welfare state in relation to immigrants' incorporation into host societies. Only a handful of studies have employed multilevel design to test the welfare state's impact on the economic incorporation of immigrants, and no study has been conducted to date that employs this design to analyze social incorporation outcomes. Failing to investigate the impact of welfare state characteristics separately from the characteristics of individuals can result in either atomistic fallacy or in ecological fallacy. Atomistic fallacy occurs when drawing inferences about the variability of higher level units (i.e. countries) based on information collected at a lower level (i.e. citizens) (Diez-Roux, 2002). The opposite is true for ecological fallacy. Ecological fallacy occurs when relationships observed at the aggregate level (i.e. countries) are employed to reach conclusions about relationships happening among lower units of analyses (i.e. individuals) (Freedman, 2004).

Research Questions and Hypotheses

This study aims (1) to examine the influence of different welfare regimes on the economic and social incorporation of foreign-born individuals, and (2) to investigate whether characteristics of the welfare state such as welfare effort and welfare scope (proportion of means-tested versus non-means tested benefits) are associated with the economic and social incorporation of foreign-born individuals across welfare regimes. Based on past research, the following research questions and hypotheses are formulated.

Research Question 1: *Does the welfare state influence the economic incorporation of foreign-born individuals?*

Past literature seems to indicate that the welfare state impacts immigrants' opportunities to access the labor market of recipient societies. Specifically, prior studies indicate that immigrants fined employment more easily, earn higher incomes, and attain higher occupational status in countries representative of the Liberal welfare regime (Fleischmann & Dronkers, 2007; Kogan, 2003, 2007; Lewin-Epstein et al., 2003; Wanner & Dronkers, 2005).

With regards the redistributive role of the welfare state, in Sweden, the archetype of the Social-Democratic regime, immigrants and natives seem to attain equivalent outcomes on their ability to overcome poverty (Morrissens & Sainsbury, 2005).

Based on past research, the following testable hypotheses related to the first research question are developed:

- *Hypothesis 1.* The welfare state will influence individuals' economic well-being.
- *Hypothesis 2.* Individuals' will make ends meet more easily if living in countries under the Scandinavian regime than if living in countries under other welfare regimes.
- *Hypothesis 3.* The gap in the economic well-being of immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Research Question 2: *What characteristics of the welfare state correlate with the economic well-being of immigrants?*

Concerning the ability of the welfare state to compensate vulnerable populations for the inequalities stemming from participating in liberal markets, prior literature only partially supports the welfare regime theory for immigrant populations. Apparently social spending does not influence immigrants' income (Wanner & Dronkers, 2005), and only in Sweden do immigrants and natives report similar outcomes regarding the impact of social transfers on their likelihood to live above poverty (Morrissens & Sainsbury, 2005). Nevertheless, researchers acknowledged difficulties in finding comparable data for conducting cross-national comparisons of native and foreign-born populations and presented their outcomes as tentative.

Based on past research, the following testable hypotheses related to the second research question are developed:

- *Hypothesis 4:* Country's amount of social spending will increase individuals' economic well-being.
- *Hypothesis 5:* Individuals' economic well-being will increase more as a result of country's spending on non-means-tested benefits than as a result of countries' spending on means-tested benefits.

Research Question 3: *Does the welfare state influence the reported social capital of foreign-born individuals?*

Research indicates that immigrants report lower levels of social capital than natives (Alesina & La Ferrara, 2000; Coffé & Geys, 2007; Cheong et al., 2007; Putnam, 2007). Although not study has been conducted that examines the influence of the welfare state on the reported social capital of foreign-born populations across countries; past scholars seem to agree on the positive influence of the Social-Democratic regime on the social trust levels of the general population (Crepaz, 2008; Fridberg & Kangas, 2008; Kaariainen & Lehtonen, 2006; Tamilina, 2008; van Oorschot & Arts, 2005).

Concerning the influence of the welfare state on the social participation of the general population, it seems that the Mediterranean regime exerts a stronger influence than other regimes on the frequency of social contacts of older adults (Scheepers et al., 2002). Including the entire population in the analyses, however, yields to the Social-Democratic regime prevailing among other systems concerning individuals' social participation (Kaariainen & Lehtonen, 2006).

Based on past research, the following testable hypotheses related to the third research question are developed:

- *Hypothesis 6.* The welfare state will influence individuals' reported generalized trust.
- *Hypothesis 7.* The welfare state will influence individuals' reported trust in institutions.
- *Hypothesis 8.* The welfare state will influence individuals' frequency of informal social contacts.
- *Hypothesis 9.* Individuals in the Scandinavian regime will report higher levels of generalized trust than individuals in other welfare regimes.
- *Hypothesis 10.* Individuals in the Scandinavian regime will report higher levels of trust institutions than individuals in other welfare regimes.
- *Hypothesis 11.* Individuals in the Scandinavian regime will meet more often with family and friends than individuals in other welfare regimes.
- *Hypothesis 12.* The gap in generalized trust between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.
- *Hypothesis 13.* The gap in trust in institutions between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.
- *Hypothesis 14.* The gap in frequency of socialization between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Research Question 4: *What characteristics of the welfare state correlate with the reported social capital of immigrants?*

No cross-comparative research has tested the influence of characteristics of the welfare state on the social capital of foreign-born populations. In addition, results from past research on the impact of social spending on the social trust (Tamilina, 2008; Van Oorschot & Arts, 2005) and the social participation (Scheepers et al., 2002; Van der Meer et al., 2009; Van Oorschot & Arts, 2005) of the general population have been inconclusive.

Concerning the impact of the scope of the welfare state on immigrants' reported social capital studies conducted in Sweden and Denmark illustrate that degree of universalism influence positively. In both countries immigrants who were exposed to universal welfare programs reported higher levels of social trust than counterparts who dealt with means-tested social services (Kumlin & Rothstein, 2008; Nannestad et al., 2008). Additionally, social spending in non-means tested benefits seems to increase social trust while social spending in means-tested benefits seems to erode it peoples' reported social trust (Tamilina, 2008).

Based on past research, the following testable hypotheses related to the fourth research question are developed:

- *Hypothesis 15.* Country's amount of social spending will increase individuals' reported social trust.

- *Hypothesis 16.* Country's spending in non-means-tested benefits will increase individuals' reported generalized trust while country's spending in means-tested benefits will decrease it.
- *Hypothesis 17.* Country's amount of social spending will increase individuals' reported trust in institutions.
- *Hypothesis 18.* Country's spending in non-means-tested benefits will increase individuals' reported institutional trust while country's spending in means-tested benefits will decrease it.
- *Hypothesis 19.* Country's amount of social spending will increase individuals' frequency of informal social contacts.
- *Hypothesis 20.* Country's spending in non-means-tested benefits will increase individuals' frequency of informal social contacts while country's spending in means-tested benefits will decrease it.

Chapter Four

Methods

This chapter deals with the methodological portion of the study. It is comprised of four sections. The first section describes the data sources employed, the European Social Survey (ESS) and the European System of Integrated Social Protection Statistics (ESSPROS). The second section describes the sample and the weights applied to the survey data. The third section describes the measures employed: dependent variables, independent variables, individual- level control variables and country-level control variables. The last section is devoted to the data analysis plan and describes the strategy followed to answer the research questions.

Data

Two sources of data are employed in this dissertation research. The first one, the European Social Survey (ESS), is used to measure individuals' economic and social incorporation outcomes. The second source of data, the European System of Integrated Social Protection Statistics (ESSPROS), is utilized to measure the characteristics of the welfare state.

The European Social Survey (ESS).

The ESS is an academically driven social survey specifically designed to assure dependable comparisons across European countries. It is considered among the most rigorous and reliable sources of data to investigate social change in European societies. In

2005 it was awarded Europe's top annual science award, the Descartes prize. The ESS collects biannually cross-sectional data covering more than 30 nations. The first round was conducted in 2002, followed by two more rounds in 2004 and 2006 respectively. Data gathering for the fourth round started at the end of 2008 and is still in progress. This study employs combined data from the first three rounds of the ESS. The rationale behind pooling the three first waves is to increase the sample size of the foreign-born population and therefore the power of the test. Small samples can lead to type I error (rejecting a null hypothesis when it is true). Consequently, the larger the samples size the greater the likelihood of finding "true" differences in the population (correctly accepting the alternative hypothesis) (Groves, Fowler, Couper, Lepkowski, Singer & Tourangeau, 2009, p.104). To conduct the analyses I generated three dummy variables, one for each survey year, to control for the potential influence of the year in which the data was collected.

The ESS collects data on a variety of topics. The main questionnaire encompasses 342 variables designed to measure peoples' trust in institutions, political engagement, socio-political values, moral and social values, social capital, social exclusion, national, ethnic and religious identity, well-being, health and security, demographic composition, education and occupation, socioeconomic characteristics, and household characteristics.

From a methodological perspective, the main goals of the ESS are the 'optimal comparability' of data across European nations and country representativeness. To gather functionally equivalent data, a centralized team of experts oversees the entire process: the design of the source questionnaire, its translation to the languages needed at the national

level, the data collection procedures, and the data coding. Data collection occurs by means of face-to-face, one-hour interviews, in the respondent's native language.

Two strategies are employed to attain country representativeness. The first one involves drawing national probability samples with comparable estimates based on full coverage of the population aged 15 and over. Even though the actual method of achieving this requirement varies across participating countries, a centralized panel of experts guarantees that each country's sample is based on the same basic principles of probability sampling and representativeness. The second strategy to ensure country representativeness is aiming for a high response rate, at least 70 percent in each participating country.

The European System of Integrated Social Protection Statistics (ESSPROS)

The ESSPROS, maintained by the Statistical Office of the European Communities (Eurostat), is a harmonized system of data on expenditures on social protection schemes. Its aim is to provide comparable statistics across 30 European nations to analyze financial flows of resources directed at social protection. Data are gathered on annual basis and covers the period 1997-2005.

ESSPROS collects data on countries' social protection benefits. Social protection benefits are understood as *"*all interventions from public or private bodies intended to relieve households and individuals of the burden of a defined set of risk or needs, provided that there is neither a simultaneous reciprocal nor an individual arrangement involved*"* (ESSPROS, 2008, p. 9).

Social protection benefits are classified and harmonized by their function. The functions employed in this study are: sickness/health care, disability, old age, survivors,

family/children, unemployment, housing, and social exclusion not classified elsewhere (ESSPROS, 2008, pp. 43-61).

- The sickness/health care function covers both comprehensive medical care and benefits to replace loss of earnings during unemployment periods due to sickness or injury.
- The disability function provides: a) an income to persons who lost the ability to work due to physical or mental disability, b) rehabilitation services required by disabilities, c) goods and services other than medical care.
- The old age function covers pension benefits and goods and services specifically designed for the elderly. It excludes medical benefits specific to old age because these are reported under the sickness/health care function.
- The survivor function provides: a) an income to families which lost primary breadwinners, b) funeral costs and c) goods and services to survivors.
- The family/children function includes both financial support and social services for rearing children and for the support of relatives.
- The unemployment function compensates for lost income due to unemployment and covers the expenses of training the unemployed.
- The housing function helps households to meet the cost of housing including rent and mortgage.
- The social exclusion not elsewhere classified function covers ad-hoc interventions to target populations particularly at risk of social exclusion such as: victims of natural disasters, victims of criminal violence, drug or alcohol addicts, etc.

Sample

This study utilizes a probability sample of 111,386 males and females between 15 and 90 years old residing in 24 European countries. The sample is further divided into 105,214 native-born people and 6,172 non-European immigrants (foreign-born individuals migrating from countries outside the European Union) (see Table 1 for an overview of sample sizes by country).

[Table 1 about here]

The data were extracted from the cumulative ESS file. The cumulative ESS file includes all countries that have participated in at least two of the three survey rounds conducted between 2002 and 2006. The total number of countries included in the cumulative ESS file is 24: Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, and Ukraine (see Figure 5 for an overview of participating countries by ESS round).

[Figure 5 about here]

Survey weights.

It is necessary to employ weights with survey data. Weighting creates a sample which "truly" represents a particular population. Weights, therefore, correct for over- or

under- representation of certain groups in the sample. The ESS employs design weights to correct for differences in probability of selection, that is, for the fact that not all individuals aged 15 and over were given the same chance of being sampled (ESS, 2009). This study employs design weights throughout all data management and analyses.

Measures

This study employs measures at two different levels, individual-level and country-level. The measures for the dependent variables are the individual-level; while predictor and control variables include measures at both, individual and country levels (see Figure 6 for an overview of the variables included in the study).

[Figure 6 about here]

Dependent variables.

Four variables measure immigrants' economic and social incorporation. One variable measures economic incorporation, two different variables determine respondents' reported social trust, and the remaining variable gauges social participation. The statistical software Stata 11 is employed for data management.

Economic incorporation.

To gauge economic incorporation I employed the responses to the question "Which of the descriptions on this card comes closest to how you feel ('describe', 'view' or 'see') about your household's income?" 1= living comfortably on present income, 2=

coping on present income, 3= difficult on present income, 4=very difficult on present income.

Data for this variable is omitted from the cumulative file for France (rounds 1 and 2) because its coding does not correspond with ESS standards and because it has an additional category. To recover this variable for France, I proceed in two steps. In the first step I recoded the two missing variables into ESS standards. In the second step I merged the two variables into the original cumulative file. To recode the missing variables into the ESS standards I employed the following equivalences. The French variable categories 1= on vit très confortablement (*we live well with our income*) and 2= on vit assez confortablement (*we live quite well with our income*) correspond to the ESS category 1= living comfortably on present income. The French variable category 3= on arrive à s'en sortir (*we manage/we can cope with our income*) corresponds to the ESS category 2= coping on present income of the ESS standard. The French variable category 4= on a du mal à s'en sortir (*we find it hard to manage with our income)* corresponds to the EES category 3= difficult on present income. Finally, the French variable category 5= on ne s'en sort vraiment pas (*we really can't manage with our income*) corresponds to the ESS category 4= very difficult on present income. In an additional step, I reversed the coding of the variable *Feeling about household income* into an ascending order (1= very difficult on present income, 2=difficult on present income, 3=copying on present income, 4=living comfortably in present income). The amount of missing data for the variable *Feeling about household income* is 1,676 cases corresponding to (1.34%) of the total sample.

Social incorporation.

Social trust.

I created to variables to measure social trust, generalized trust and trust in institutions. To create generalized trust I generated an additive scale composed of three variables ranging from 0=least trusting attitudes to 10=most trusting attitudes. The three variables contained in the scale correspond to the following questions: 1-"Would your say that most people can be trusted, or that you can't be too careful in dealing with people?" (ppltrst) 2-"Do you think that most people would try to take advantage of you if they got the chance, or would they try to be fair?" (pplfair) and 3- "Would you say that most of the time people try to be helpful or that they are mostly looking out for themselves?" (pplhlp).

Before generating the combined scale, I assigned the value of the mean to observations coded as 'don't know' in the original variables. The rationale is that in a scale ranging from 0 to 10 people classified as don't know are equivalent (in content) to the population average. The variable (ppltrst) contained 488 (0.40%) cases classified as don't know. The variable (pplfair) contained 1,113 (0.90%) classified as don't know. The variable (pplhlp) contained 660 (0.54%) cases classified as don't know.

The scale for generalized trust ranges from 0 to 30. The scale obtained an alpha of 0.765. In addition, I conducted principal-components factor analysis with varimax rotation to test the pattern of relationships among the variables. I obtained a single factor with an eigenvalue of 2.043. The amount of missing data for the variable *Generalized trust* is 1,707 cases corresponding to (1.37%) of the total sample.

To create the trust in institutions variable I also generated an additive scale composed of three variables ranging from 0=not trust at all to 10=complete trust. The three variables contained in the scale corresponded to the following question: "Using this card, please tell me on a score of 0-10 how much you personally trust each of the institutions I read out" 1= country's parliament (trstprl); 2= country's legal system (trstlgl) and 3= country's police (trstplc).

Similar to the generalized trust scale, I substituted the answers classified as don't know with the mean values of each of the variables. The variable (trstprl) contained 4,035 (3.28 %) classified as don't know. The variable (trstlgl) contained 3,537 (2.87%) cases classified as don't know. The variable (trstplc) contained 1,569 (1.27%) cases classified as don't know.

The trust in institutions scale ranged from 0 to 30. The scale obtained an alpha of 0.796. In addition, I conducted principal-components factor analysis with varimax rotation to test the pattern of relationships among the variables. I obtained a single factor with an eigenvalue of 2.133. The amount of missing data for the variable *Trust in institutions* is 1,818 cases corresponding to (1.46%) of the total sample.

Social participation.

To gauge individuals' social participation I employed the answers to the following question: "Using this card, how often do you meet socially ("meet socially" implies meet by choice rather than for reasons or either work or pure duty) with friends, relatives or work colleagues?" 1= never, 2= less than once a month, 3= once a month, 4= several times a month, 5= once a week, 6= several times a week, 7= every day. I recoded

this variable into a pseudo-continuous variable as follows: never= 0, less than once a month= 0.5, once a month= 1, several times a month= 3, once a week= 4, several times a week= 12, every day=30. The amount of missing data for the variable *Frequency of informal social contacts* is 1,885 cases corresponding to (1.51%) of the total sample.

Independent variables.

Individual-level independent variables.

Foreign-born is a dichotomous variable which classifies individuals born in the country where the interview was conducted as 0 and foreign-born individuals coming from non-European Union countries as 1. I excluded from the sample native-born individuals born from one or both foreign-born parents (second generation immigrants). In addition, I excluded from the sample foreign-born respondents coming from countries within the European Union. I also excluded for the sample four cases which contained unreliable information. Specifically, one person was interviewed in Denmark and classified as native-born but Australia his/her country of birth. Another person also interviewed in Denmark and classified as native-born reported Macedonia as country of birth. The third person omitted from the sample was a native-born from Slovenia who indicated Sierra Leona as country of birth. The fourth person omitted from the sample was also a native of Slovenia who indicated Bosnia & Herzegovina as country of birth. It could be argued that the omitted cases could have been considered native-born if citizenship was granted following "jus sanguinis" (citizenship is granted on basis of parents' citizenship instead than on basis of country of birth). This study does not include

this type of information and an individual is considered an immigrant if born in a different country from the country of residency.

Countries adhesion to the European Union occurred gradually. To account for this fact in classifying immigrants as Europeans/non-Europeans I controlled for year of interview. For instance, citizens from countries that joined the European Union before the year 2002 (the year when the first wave of data was collected) and were living in a country different from where they were born were all categorized as EU immigrants and omitted from the final sample. However, citizens from countries that joined the European Union during the process of data collection and were living in a country different from where they were born were classified as EU immigrants only for the waves in which their countries belonged to the European Union. An example would be citizens from Estonia living in other countries. Estonia joined the European Union in the year 2004. Hence, Estonians living in other countries in during the 2002 data collection process were classified as non-EU immigrants, while Estonians living in other countries in 2004 and 2006 were coded as EU immigrants and therefore omitted from the final sample.

Country-level independent variables.

The country level independent variable is the welfare state. To measure welfare state I created one qualitative variable and two quantitative variables.

The qualitative measure of the welfare state includes five dummy variables, one for each welfare regime: Scandinavian, Bismarckian, Anglo-Saxon, Southern and Eastern. The Anglo-Saxon regime includes the United Kingdom and Ireland. The Bismarckian regime includes: Austria, Belgium, France, Germany, Luxembourg, the Netherlands and Switzerland. The Scandinavian regime comprises: Denmark, Finland,

Norway and Sweden. The Southern regime encompasses Greece, Italy, Portugal and Spain. The Eastern regime consists of the Czech Republic, Estonia, Hungary, Poland, Slovakia, Slovenia and Ukraine (see Figure 1 for an overview).

The quantitative measures for the welfare state are welfare effort and welfare scope. I accounted for welfare effort employing the average of countries' expenditure in social protection benefits as a percentage of their GDP (ESSPROS, 2008). To better gauge the impact of social protection expenditure on individual outcomes, I employed the years directly preceding the ESS data collection waves (2001, 2003 and 2005). A limitation of ESSPROS is that it does not include expenditure on education as part of social protection benefits. To account for this limitation I created the variable *Welfare effort* which comprised countries' expenditure on social protection benefits as percentage of GDP plus countries' expenditure in education as percentage of GDP.

To measure *Welfare scope*, I employed two variables, countries' expenditure in means-tested social benefits as percentage of GDP and countries' expenditure in non-means-tested social benefits as percentage of GDP. Means-tested benefits account for expenditures on benefits explicitly or implicitly conditional on the beneficiary's income and/or wealth falling below a specified level. Non-means tested benefits include expenditures distributed despite of poverty level. There is not harmonized data in welfare scope and welfare expenditure for Ukraine. As a result I eliminate Ukraine from the sample. Consequently, I employed 24 countries to conduct the analyses for the welfare regime dummy variables and 23 countries for the analyses concerning welfare effort and welfare scope.

Control variables.

Individual-level control variables.

At the individual-level, this study includes demographic and socio-economic control variables.

Demographic control variables.

The demographic control variables are age, age squared, gender, partnered, residential parent, and *rural area*.

To create the variable age I subtracted the year in which a respondent was interviewed from his/her year of birth. Age ranged from 15 to 110 years. To avoid outlier observations, I recoded respondents 91 years and older to the age 90 (0.23% of the total sample). The amount of missing data for the variable *Age* is 2,341 cases corresponding to (1.94 %) of the total sample.

I generated *Age squared* in two steps. In the first step I created a variable by mean-centering age. In the second step I squared the mean-centered variable to generate age squared.

Gender is a dichotomous variable where females are classified as 0 and males are classified as 1. The amount of missing data for the variable *Gender* is 211 cases corresponding to (0.17 %) of the total sample.

Partnered is a dummy variable in which I classified individuals who reported that were living with a husband, a wife or a partner as 1. I classified the rest of the sample as 0. The amount of missing data for the variable *Partnered* is 992 cases corresponding to (0.82 %) of the total sample.

I generated Residential parent or number of respondents' children living in the household using household roster data, and more specifically, the variables inquiring about each person's in the household relationship to the respondent. The residential parent variable reflects respondents' number of sons, daughters, stepchildren, adopted and fosters children, and ranges from 0 to 10 children. This variable was highly skewed since most respondents reported none or only one child living in the household. As a result, I transformed residential parent into a dichotomous variable were I classified as 0 childless respondents and 1 those individuals with any number of children living in the household. The amount of missing data for the variable *Residential parent* is 1,174 cases corresponding to (0.97 %) of the total sample.

The variable Rural area accounts for whether respondent lives in the countryside. To create the rural area variable I employed the question: "Which phrase on this card best describes the area where you live?: 1-= a big city; 2-= the suburbs or outskirts of a big city; 3-= a town or a small city; 4= a country village; 5= a farm or home in the countryside. I classified as 0 individuals who reported living in a big city, in the suburbs or outskirts of a big city or in a small city. I classified as 1 respondents living in a country village or in a farm or home in the countryside. The amount of missing data for the variable *Rural area* is 396 cases corresponding to (0.33 %) of the total sample.

Socioeconomic control variables.

The socioeconomic control variables are education, employed, unemployed and inactive.

The education variables captures the answers to the question "How many years of full-time education have you completed?" The original variable ranged from 0 to 56.

Only 0.16% of the sample had more than 25 years of education. Therefore I reclassified that percentage of the sample as having 25 years of education or over. The amount of missing data for the variable *Education* is 1,581 cases corresponding to (1.31 %) of the total sample.

To account for respondents' labor market status I created three dummy variables: employed, unemployed and inactive, using the answers from the following question: "Which of the description of this card best describes your situation (in the last seven days?)." I classified as employed respondents who responded paid work (or away temporarily) (employee, self-employed, working for your family business). I classified as unemployed people who reported: a= unemployed and actively looking for a job and b= unemployed, wanting a job but not actively looking for a job. Finally, I classified as inactive people who reported: a= in education, even if on vacation (not paid for by employer), b= permanently sick or disabled, c= retired, d= in community or military service, e= doing housework, looking after children or other persons, f=other. The amount of missing data for these variables is 947 cases corresponding to (0.79 %) of the total sample.

Country-level control variables.

I generated country percentage of immigrants by aggregating individual-level data on migratory status. Percentage of immigrants reflects countries' percentage population that is comprised by non-EU immigrants.

I gauge both native-born and foreign-born unemployment rate employing data from the Labor Force Survey of the European Commission Statistics (Eurostat) on countries' unemployment rate by nationality (Eurostat, 2009). The Labor Force Survey

collects quarterly data on total unemployment rate distinguishing between national and citizens of countries outside the European Union.

To measure markets' degree of flexibility I used the Employment Protection Legislation index (EPL), which ranges from 0 to 6. The EPL was originally developed by the OECD in 1992. It reflects "both the regulations concerning hiring (e.g., rules favoring disadvantaged groups, conditions for using temporary or fixed-term contracts, training requirements) and firing (e.g., redundancy procedures, mandated prenotification periods and severance payments, special requirements for collective dismissals and short-time work schemes)" (OECD, 2009). The OECD does not calculate the EPL index for Estonia, Luxembourg and Slovenia, and there are not alternative sources that I could use to replace the missing data. To generate data for these I employed the rationale of the theoretical model proposed for this study which classifies welfare regimes into two systems: regimes with generous social provisions and highly protected labor markets and regimes with residual social provisions and fairly open labor markets (Engelen, 2003; Faist, 1996; Rueda & Pontusson, 2000). Hence I replaced the missing information for the EPL index of Estonia and Slovenia, countries belonging to the Eastern cluster, with the average EPL index of the remaining countries within this cluster: Czech Republic, Hungary, Poland and Slovakia. Likewise, I replaced the missing information for Luxembourg employing the average EPL indexes of the Bismarckian cluster: Austria, Belgium, France, Germany, Netherlands and Switzerland.

Data Analysis Plan

The nested structure of the data (individuals within countries) warrants the use of Hierarchical Linear Modeling (HLM) to conduct the analyses. HLM accounts for dependency of observations (for instance, citizens from a given country share certain characteristics that make them more homogeneous than if the sample was drawn randomly across countries). Additionally, HLM allows examining the influence of contextual factors (welfare state) on the variability of individual outcomes (Raudenbush & Bryk, 2002). Given the limited number of countries in the sample I conducted the analyses employing restricted maximum likelihood.

The modeling strategy proceeds as follows (Raudenbush & Bryk, 2002):

Model 0. One-way ANOVA with random effects.

This model is estimated to evaluate the need for hierarchical modeling. The goal of this preliminary model is to assess how much of the variance in the outcome variable occurs within-countries and how much happens between-countries. In practical terms, the null model is equivalent to one-way ANOVA test. Only significant between-group variation warrants the use of hierarchical modeling.

$$DV_{ij} = \gamma_{00} + \mu_{0j} + r_{ij}$$

DV_{ij} indicates the outcome variable for a particular individual within a particular country

γ_{00} indicates the average grand mean for the outcome variable.

μ_{0j} indicates the residual variability between countries.

r_{ij} indicates the residual variability within countries.

Model 1. Random coefficients regression model.

The purpose of this model is to describe the effect of individuals' migratory status on the variability of outcomes.

$$DV_{ij} = \gamma_{00} + \gamma_{10}(immig)_{ij} + \mu_{0j} + \mu_{1j}(immig)_{ij} + r_{ij}$$

DV_{ij} indicates the outcome variable for a particular individual within a particular country

γ_{00} is the average intercept across the level-2 units.

γ_{10} is the average regression slope across the level-2 units.

μ_{0j} is the unique increment to the intercept associated with level-2 unit j.

μ_{1j} is the unique increment to the slope associated with level-2 unit j.

r_{ij} indicates the residual variability within countries.

Model 2. Intercepts- and Slopes-as-Outcomes

This model evaluates the impact of different welfare regimes on the variability of the outcomes. This model estimates the effect of the level-1 variables as dependent upon the value of the country-level predictors (more specifically, the welfare regime dummy variables).

$$DV_{ij} = \gamma_{00} + \gamma_{k-1}(dwe)_j + \gamma_{10}(immig)_{ij} + \gamma_{2k-1}(dwe)_j(immig)_{ij} + \mu_{0j} + \mu_{1j}(immig)_{ij} + r_{ij}$$

DV_{ij} indicates the outcome variable for a particular individual within a particular country

γ_{00} is the average intercept across the level-2 units.

γ_{k-1} indicates the average for each of the welfare regime variables across countries

γ_{10} is the average regression slope across the level-2 units.

γ_{2k-1} represents the coefficient for the cross-level interaction between each group and welfare regime.

μ_{0j} is the unique increment to the intercept associated with level-2 unit j.

μ_{1j} is the unique increment to the slope associated with level-2 unit j.

r_{ij} indicates the residual variability within countries.

The data analysis strategy involves conducted the models controlling for individual and country level characteristics for each outcome variable. Therefore in this study a total of (7 models*3 welfare variables*4 outcome variables) = 84 models will be conducted as follows:

Model 0: One-way ANOVA with random effects.

Model 1: Random coefficients regression model.

Model 2: Intercepts and slopes as outcomes.

Model 3: Intercepts and slopes as outcomes controlling for individual- level variables.

Model 4: Intercepts and slopes as outcomes controlling for individual- level variables + percentage of immigrants in country.

Model 5: Intercepts and slopes as outcomes controlling for individual-level variables + native-born unemployment rate.

Model 6: Intercepts and slopes as outcomes controlling for individual-level variables + foreign-born unemployment rate.

Model 7: Intercepts and slopes as outcomes controlling for individual-level variables + countries' Employment Protection Legislation index.

Chapter Five

Results

This chapter presents the results to the research questions and hypotheses introduced in the second chapter of this study. The first section describes the sample and provides an overview of country characteristics. The second section deals with the impact of the welfare state on the economic incorporation of immigrants into recipient societies. The third section focuses on the impact of the welfare state on the social incorporation of foreign-born population.

Descriptives

Estimates in table 2 show that immigrants have more difficulties to make ends meet (35%) than their native counterparts (22%). Immigrants report lower average levels of generalized trust (14.99) than their native peers (15.55) and they also socialize less often (9.85) than do corresponding native-born individuals (10.04). However, immigrants report higher levels of trust in institutions (16.45) than their native counterparts (15.86).

As regards the sample, immigrants are slightly younger, more likely to be partnered and to have dependant children living with them in the household than their native counterparts. Additionally, immigrants have more years of education completed and are more likely to be employed than their native counterparts. Immigrants are also more often unemployed than are their native peers (see Table 2 for an overview of descriptive statistics on individual-level variables).

[Table 2 about here].

Concerning country-level characteristics, Estonia hosts the largest number of foreign-born individuals (10.76%) closely followed by Germany (9.28%). The largest rate of native unemployment is in Slovakia (16.46%) followed by Spain (10.03%), while Belgium registers the largest rate of immigrant unemployment (34.5%). Great Britain and Ireland have the most flexible labor markets while Southern European countries like Portugal, Spain and Greece have the most protective (see Table 3 for an overview of descriptive statistics on country-level variables).

[Table 3 about here]

The Welfare State as Agent of Immigrants' Economic Incorporation

This section presents the results for the first research question of this study: *Does the welfare state influence the economic incorporation of foreign-born individuals?*

Results for the impact of the welfare state on immigrants' ability to live on their income, as compared to the native-born, are presented in table 4.

[Table 4 about here]

In ***model 0***, the significant estimate for the variance of the intercept (b= 1.22, p< 0.001) indicates that there is significant variability in individuals' ability to live on their income across countries, which suggests the need of hierarchical modeling to answer the research question.

The coefficient for the fixed effect (b=-3.28, p<0.001) is the log odds of the probability of belonging to category 1 (very difficult to live on present income). The following formula can be employed to transform log odds into probabilities $p=e^{\gamma^{00}}/(1+e^{\gamma^{00}})$. Therefore, the average likelihood of having serious difficulties to live on present income is 0.035 (3.5%). Adding threshold 2 gives the probability of being in categories 1 (very difficult to live on present income) or 2 (difficult on present income). For model 0: p=exp (-3.28+1.83)/1+exp (-3.28+1.83) = 0.19. Hence, on average 19% of the population across European countries struggle to make ends meet. Adding threshold 3 gives the probability of being in categories 1 (very difficult to live on present income) or 2 (difficult on present income) or 3 (coping with present income). For model 0: p=exp (-3.28+4.28)/1+exp (-3.28+4.28) = 0.73. Therefore, on average (0.73-0.19) = 0.54 (54%) of the population are able to make ends meet and (1-0.73) = 0. 27 (27%) live comfortably on their income.

Model 1, investigates the impact of migratory status (native-born versus foreign-born) on individuals' ability to live on their income. Applying the above formulas, the estimate for the native born population (b=-3.35, p< 0.001) indicate that, on average, 18% of natives struggle to make ends meet, 54% cope with their income and 28% live comfortable on their income. In contrast, the estimate for the foreign-born population (-3.35+0.68) =-2.67 indicates that 30% of immigrants struggle to make ends meet, 53% cope with their income and 17% live comfortable on their income.

Hypothesis 1: The welfare state will influence individuals' economic well-being.

Table 4 shows that including the welfare regime variables in model 2 helps to explain 57% of the total variance in individuals' ability to make ends meet across countries. Adding different country-level control variables in subsequent models does not increase substantially the explanatory power of the welfare regime on individuals' economic well-being. Additionally, most of the variability on individuals' generalized trust occurs between countries. Results support hypothesis 1.

Hypothesis 2. Individuals' will make ends meet more easily if living in countries under the Scandinavian regime than if living in countries under other welfare regimes.

Coefficients for model 2 in table 4 indicate that on average, 8% of native-born individuals living in countries under the Scandinavian regime struggle to live on their income, 42% make ends meet and 50% live comfortably with it. Native-born individuals living in other welfare regimes have more difficulties to live on their income than their Scandinavian counterparts. The smallest gap on natives' ability to live on their income occurs between the Scandinavian and the Bismarckian regimes (b= 0.14, p=n.s.) closely followed by the Anglo-Saxon regime (b= 0.28, p=n.s.), although the differences are not significant in the population. Conversely, the largest difference on natives' ability to live on their income occurs between the Scandinavian and the Eastern regime (b= 2.16, p< 0.001), followed by the Southern regime (b= 1.47, p< 0.05). Controlling for individual characteristics in model 3 reduces the gap in individuals' ability to make ends meet

among regimes. Including countries' control variables in subsequent models does not contribute substantially to the explanatory power of the model.

Unlike their native counterparts, model 2 shows that foreign-born individuals do not make ends meet more easily if living in countries with a Scandinavian welfare regime. Actually, immigrants make ends meet more easily if living in countries with an Anglo-Saxon regime

(*b*= -0.32, p=n.s.) than if living in countries with other welfare systems. For immigrants the smallest gap on ability to live on their income occurs between the Scandinavian and the Anglo-Saxon regimes. Conversely, the largest difference occurs between the Scandinavian and the Eastern regime (*b*= 1.43, p< 0.001), followed by the Southern regime (*b*= 0.98, p< 0.10). Controlling for individual-level characteristics in model 3 reduce the gap in individuals' ability to make ends meets among regimes. Including countries' control variables in subsequent models does not contribute substantially to the explanatory power of the model with the exception of immigrants' unemployment rate in model 6. Controlling for countries' immigrant unemployment rate eliminates the positive effect of living under the Anglo-Saxon regime (*b*= 0.13, p= n.s), increases substantially the negative effect of living under the Southern (*b*= 1.21, p< 0.05) and Eastern (*b*= 1.50, p< 0.05) regimes and it also increases the positive effect of living in countries under the Scandinavian regime (*b*= -2.04, p< 0.001). Results support hypothesis 2.

[Table 5 about here]

Hypothesis 3. The gap in the economic well-being of immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Estimates in model 2 table 5, indicate that the smallest gap between natives and foreigners as regards their ability to live on their income occurs in the Eastern regime (b= 0.23, p< 0.10), followed by the Anglo-Saxon (b= 0.35, p< 0.10) and the Southern regimes (b= 0.46, p< 0.01). Conversely, the largest gap between both populations as regards their ability to cope in their household income occurs in the Bismarckian regime (b= 1.20, p< 0.001), followed by the Scandinavian regime (b= 0.96, p< 0.001). Controlling for individual-levels characteristics eliminates the significant difference between the Scandinavian and Eastern regimes. This pattern does not change in subsequent models with the exception of model 7. Model 7 controls for countries' degree of employment protection. Including this variable into the model decreases the gap between natives and foreigners as regards their ability to live on their income in the Southern regime (b= 0.54, p< 0.05) while it increases the gap in the Anglo-Saxon regime (b= 0.67, p< 0.05). Results do not support hypothesis 3.

This section presents the results for the second research question of this study: *What characteristics of the welfare state correlate with the economic well-being of immigrants?*

[Table 6 about here]

Hypothesis 4. Country's amount of social spending will increase individuals' economic well-being.

Estimates for table 6 shows that including the welfare effort variable in model 2 helps to explain 32% of the total variance in individuals' ability to make ends meet across countries. There are not substantial differences in subsequent models except for model 5 where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 60%.

Countries' spending in social benefits or welfare effort contributes to individuals' economic well-being, although its impact is larger for the native-born population than for their immigrant counterparts' across models. As aspect that deserves further attention is that introducing natives' unemployment rate in model 5 neutralizes the positive impact of countries' social spending on individuals' ability to live on their income for both populations alike. Additionally, estimates for table 7 show that differences between natives and immigrants on the impact of social spending on ability to live on household income are significant in the population. Results support hypothesis 4.

[Table 7 about here]

Hypothesis 5. Individuals' economic well-being will increase more as a result of country's spending on non-means-tested benefits than as a result of countries' spending on means-tested benefits.

Table 8 shows that including the welfare scope variables in model 2 helps to explain 24% of the total variance in individuals' ability to make ends meet across countries. There are not substantial differences in subsequent models except for model 5

where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 57%. Countries' welfare design or welfare scope contributes to individuals' economic well-being although the impact of means-tested benefits is larger than the impact of non-means-tested benefits for both populations, natives and immigrants. As aspect that deserves further attention is that introducing natives' unemployment rate in model 5 reduces the impact of countries' social spending both populations' economic well-being. Furthermore, it neutralizes the positive impact of social spending in non-means-tested benefits but it does not neutralize the positive impact of social spending in means-testing benefits on individuals' ability to live on their income. Additionally, estimates for table 7 show that differences between natives and immigrants on the impact of welfare scope on individuals' ability to live on their income are significant in the population. Results do not support hypothesis 5.

[Table 8 about here]

The Welfare State as Agent of Immigrants' Social Incorporation

This section presents the results for the third research question of this study: *Does the welfare state influence the reported social capital of foreign-born individuals?*

To answer this question, results from three outcome variables are presented: 1) *generalized trust, 2) trust in institutions and 3) frequency of informal social contacts*.

Results for the impact of the welfare state on immigrants' reported *generalized trust*, as compared to native-born, are presented in table 9.

[Table 9 about here]

Results for the impact of the welfare state on immigrants' *trust in institutions*, as compared to native-born, are presented in table 10.

[Table 10 about here]

Results for the impact of the welfare state on immigrants' *frequency of informal social contacts*, as compared to native-born, are presented in table 11.

[Table 11 about here]

In ***model 0***, the significant estimate for the variance of the intercept (b= 7.10, p< 0.001) in table 9 indicates that there is significant variability in generalized trust across countries. The average level of generalized trust across countries is equal to 15.22. In addition, the intraclass correlation coefficient [7.10/ (7.10+27.37) = 0.20] indicates that 20% of the variability in generalized trust occurs between countries.

Turning to trust in institutions, the significant estimate for the variance of the intercept (b= 8.25, p< 0.001) in table 10 indicates that there is significant variability in trust in institutions across countries. The average level of trust in institutions across

countries is equal to 16.14. In addition, the intraclass correlation coefficient [8.25/ (8.25+31.84) = 0.20] indicates that 20% of the variability in trust in institutions occurs between countries.

Looking at frequency of informal social contacts in table 11, the significant estimate for the variance of the intercept (b= 8.48, p< 0.001) suggests that there is significant variability in how often individuals meet with family and friends across countries. The average frequency of informal social contacts across countries is equal to 10. In addition, the intraclass correlation coefficient [8.48/ (8.48+93.13) = 0.08] indicates that 8% of the variability in frequency of informal social contacts among individuals occurs between countries.

Model 1, investigates the impact of migratory status (0=native-born versus 1=immigrant) on each social capital outcome. Model 1 in table 9 shows that the average level of generalized trust of a native-born individual is equal to 15.25. Likewise, the average generalized trust of a foreign-born individual is (15.25-0.30) = 14.95. Looking at model 1 in table 10, native-born individuals present an average level of trust in institutions in equal to 16.14, while for immigrants it is 0.53 points higher on average. Similarly, model 1 in table 11 shows that native-born individuals meet family and friends 10 times on average. The average for immigrants to socialize with family and friends is 0.18 times lower than for their native peers.

Hypothesis 6: The welfare state will influence individuals' reported generalized trust.

Table 9 shows that including the welfare regime variables in model 2 helps to explain 17% of the total variance in generalized trust across countries. Adding individual control variables into the model increases this explanatory power to 18%. Including the different country control variables in the subsequent models does not increase substantially the explanatory power of the welfare regime on individuals' generalized trust. Additionally, most of the variability on individuals' generalized trust occurs between countries. Results support hypothesis 6.

Hypothesis 7: The welfare state will influence individuals' reported trust in institutions.

Table 10 shows that including the welfare regime variables in model 2 helps to explain 15% of the total variance in institutional trust across countries. Adding individual control variables into the model increases this explanatory power to 17%. Including the different country control variables in the subsequent models does not increase substantially the explanatory power of the welfare regime on individuals' trust in institutions. Additionally, most of the variability on individuals' trust in institutions occurs between countries. Results support hypothesis 7.

Hypothesis 8: The welfare state will influence individuals' frequency of informal social contacts.

Table 11 shows that including the welfare regime variables in model 2 helps to explain 2% of the total variance across countries on how often individuals meet informally with friends and family. Adding individual control variables into the model increases this explanatory power to 12%, which suggest that individual characteristics are mainly responsible for the differences on frequency of social participation among individuals. Including the different country control variables in the subsequent models does not increase substantially the explanatory power of the welfare regime on individuals' frequency of informal contacts. There is more variability between-countries than within-countries on individuals' frequency of social participation, although the difference is much smaller than with the outcomes generalized trust and with trust in institutions. Results support hypothesis 8.

Hypothesis 9: Individuals in the Scandinavian regime will report higher levels of generalized trust than individuals in other welfare regimes.

Coefficients for model 2 in table 9 indicate that a native-born individual living in a country under the Scandinavian regime presents and average generalized trust equal to 19.38. Native-born living in other welfare regimes present lower levels of generalized trust than their Scandinavian counterparts. The smallest gap on generalized trust levels for native-born individuals occurs between the Scandinavian and the Anglo-Saxon regimes (b= -2.51, p< 0.05). Conversely, the largest difference on levels of generalized trust for the native-born occurs between the Scandinavian and the Southern regime (b= -

6.82, p< 0.001) closely followed by the Eastern regime (*b*= -6.15, p< 0.001). Controlling for individual characteristics in model 3 reduces the gap in generalized trust among regimes. Including countries' percentage of immigrants in model 4 does not contribute substantially to the explanatory power of the model. However, controlling for countries' market characteristics in models 5 (native unemployment rate) model 6(immigrant unemployment rate) and model 7 (degree of employment protection) reduce significantly natives' levels of generalized trust.

Foreign-born individuals also present the highest level of generalized trust if living in countries under the Scandinavian regime (19.38-1.62) =17.76. The smallest gap on generalized trust levels occurs between the Scandinavian and Anglo-Saxon regime (*b*=-0.49, p=n.s.) although the difference is not significant in the population. Conversely, the largest difference on generalized trust for immigrants occurs between the Scandinavian and the Eastern regime (*b*= -4.51, p< 0.001) closely followed by the Southern regime (*b*= -4.46, p< 0.001). As with the native-born population, this pattern does not change substantially after introducing control variables in subsequent models with the exception of countries' market variables in models 6 (immigrant unemployment rate) and 7 (degree of employment protection) which reduce substantially the generalized trust levels of foreign-born population. Results support hypothesis 9.

Hypothesis 10: Individuals in the Scandinavian regime will report higher levels of trust in institutions than individuals in other welfare regimes.

Coefficients for model 2 in table 10 indicate that a native-born individual living in a country under the Scandinavian regime presents and average trust in institutions equal to

19.94. Native-born living in other welfare regimes present lower levels of generalized trust than their Scandinavian counterparts. The smallest gap on institutional trust for native-born individuals occurs between the Scandinavian and the Bismarckian regimes (*b*= -3.09, p< 0.05). Conversely, the largest difference on trust in institutions for the native-born occurs between the Scandinavian and the Eastern regime (*b*= -6.72, p< 0.001). Controlling for individual characteristics in model 3 reduces the gap among regimes as regards natives' trust in institutions. Including countries' percentage of immigrants in model 4 does not contribute substantially to the explanatory power of the model. However, controlling for countries' market characteristics in models 5 (native unemployment rate) model 6 (immigrant unemployment rate) and model 7 (degree of employment protection) reduce significantly natives' levels of institutional trust.

Foreign-born individuals also present the highest level of trust in institutions if living in countries under the Scandinavian regime (19.94-0.38) =19.56. The smallest gap on immigrants trust in institutions levels occurs between the Scandinavian and Anglo-Saxon regime (*b*=-1.61, p=n.s.), although the difference is not significant. Conversely, the largest difference for immigrants as regards levels of trust in institutions occurs between the Scandinavian and the Eastern regime (*b*= -6.57, p< 0.001). This pattern does not change substantially after introducing control variables in subsequent models with the exception of immigrant unemployment rate in model 6, which significantly reduces foreign-born individuals trust in country institutions. Results support hypothesis 10.

Hypothesis 11: Individuals in the Scandinavian regime will meet more often with family and friends than individuals in other welfare regimes.

Coefficients for model 2 in table 11 indicate that a native-born individual living in a country under the Scandinavian regime meets family and friends 12.68 times on average. Native-born individuals living in other welfare regimes socialize less often than their Scandinavian counterparts. The smallest gap on frequency of socialization for native-born individuals occurs between the Scandinavian and the Southern regimes (b= -1.62, p=n.s), although the difference is not significant. Conversely, the largest gap on frequency of socialization for the native-born occurs between the Scandinavian and the Eastern regime (b= -4.75, p< 0.001). Controlling for individual characteristics in model 3 increases natives' frequency of socialization. Including countries' percentage of immigrants in model 4 and native and immigrant unemployment rates in model 5 and 6 respectively do not contribute substantially to natives' frequency of informal social contacts. However, including countries' degree of employment protection in model 7 significantly increases natives' frequency of informal social contacts. In addition, adding the employment protection legislation index in model 7 eliminates differences in the population between the Scandinavian and the Anglo-Saxon regimes as regards individuals' frequency of informal social contacts.

Foreign-born individuals also socialize more often than counterparts in other welfare regimes if living in countries under the Scandinavian regime (12.68+0.73) =13.42. The smallest gap on immigrants' frequency of socialization occurs between the Scandinavian and the Bismarckian regime (b=-3.38, p=0.05). Conversely, the largest difference occurs between the Scandinavian and the Eastern regime (b= -5.96, p< 0.001).

Including individual-level characteristics in model 3 decreases immigrants' frequency of socialization. This pattern does not change substantially after introducing control variables in subsequent models with the exception of countries' degree of employment protection in model 7. Including countries' degree of employment protection in model 7 significantly increases immigrants' frequency of informal social contacts. In addition, adding the employment protection legislation index in model 7 eliminates differences in the population between the Scandinavian and the Anglo-Saxon regimes as regards immigrants' frequency of informal social contacts. Results partially support hypothesis 11.

Hypothesis 12: The gap in generalized trust between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Estimates for table 12 indicate that the largest gap between immigrants and natives as regards generalized trust happens in countries under a Scandinavian regime. Additionally, immigrants report lower levels of generalized trust than their native counterparts. Conversely, model 2 shows that the smallest difference on generalized trust between natives and immigrants occurs in countries under the Bismarckian regime (b= -0.68, p< 0.10). Accounting for individual-level characteristics in model 3 turns the differences for the Bismarckian regime into not significant. In addition, it turns differences for the Southern regimes into significant in the population. Controlling for country percentage of immigrants in model 4 increases the difference in generalized trust between natives and immigrants for the Southern regime. Results do not support hypothesis 12.

[Table 12 about here]

Hypothesis 13: The gap in trust in institutions between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Estimates in table 13 show that there are not significant differences between natives and immigrants regarding their trust in institutions in countries under the Scandinavian regime. The smallest difference in institutional trust between both populations occurs in countries under the Bismarckian regime (b= -0.80, p< 0.10). Conversely, the largest gap between natives and immigrants on their reported levels of trust in institutions happens in countries under an Anglo-Saxon regime. Including individual-level characteristics in model 3 increases the difference for the Bismarckian regime while reduces the differences for the Southern and Eastern regimes. Including country's percentage of immigrants in model 4, native unemployment rate in model 5 and immigrant unemployment rate in model 6 do not modify this pattern. However, including country's degree of employment protection legislation in model 7 substantially increases the reported trust in institutions for the Anglo-Saxon regime. In addition, it turns into insignificant differences for the Southern regime. It is important to notice that on average immigrants report higher average levels of trust in institutions than their native peers across regimes. Results do not support hypothesis 13.

[Table 13 about here]

Hypothesis 14: The gap in frequency of socialization between immigrants and native-born individuals will be smaller in countries with a Scandinavian welfare regime than in countries with other regimes.

Estimates in table 14 show that there are not significant differences between natives and immigrants regarding their frequency of socialization in countries under the Scandinavian regime. Prior to controlling for individual characteristics model 2 shows that immigrants socialized more on average than their native counterparts, although differences are only significant for the Southern regime. After including individual characteristics in model 3 the frequency of socialization for immigrants as compared to natives becomes negative for the Southern regime. Results do not support hypothesis 14.

[Table 14 about here]

This section presents the results for the fourth research question of this study: *What characteristics of the welfare state correlate with the reported social capital of immigrants?*

Hypothesis 15. Country's amount of social spending will increase individuals' reported social trust.

Estimates for model 2 in table 15 show that accounting for countries' spending in social benefits helps to explain 6% of the total variance in individuals' generalized trust across countries. Controlling for individual-level characteristics in model 3 increases this variability to 8%. There are not substantial differences in subsequent models except for

model 5 where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 11%. Countries' spending in social benefits or welfare effort contributes to individuals' generalized trust, although its impact is larger for the native-born population than for their immigrant counterparts' across models. Two aspects deserve further attention. The first one is that introducing natives' unemployment rate in model 5 neutralizes the positive impact of welfare effort in both populations' generalized trust. The same pattern is observed after introducing countries' index of employment protection legislation in model 7. Estimates for table 7 show that differences between natives and immigrants as regards the impact of countries' spending in social benefits are not significant in the population. Results support hypothesis 15.

[Table 15 about here]

Hypothesis 16. Country's spending in non-means-tested benefits will increase individuals' reported generalized trust while country's spending in means-tested benefits will decrease it.

Table 16 shows that including the welfare scope variables in model 2 helps to explain 2% of the total variance in individuals' levels of generalized trust across countries. Controlling for individual-level characteristics in model 3 increases this variability to 6%. There are not substantial differences in subsequent models except for model 5 where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 9%.

Countries' welfare design or welfare scope contributes to individuals' reported generalized trust. Furthermore, country's spending in non-means-tested benefits decreases generalized trust, although it is only significant after controlling for countries' index of employment protection in model 7. In addition, countries' spending in non-means-tested benefits increases generalized trust and the differences are significant across models for the native-born population. An aspect that deserves further attention is that introducing natives' unemployment rate in model 5 eliminates the impact of countries' spending in non-means-tested benefits on generalized trust. Estimates for table 7 show that differences between natives and immigrants as regards the impact of countries' spending in social benefits are not significant in the population. Results partially support hypothesis 16.

[Table 16 about here]

Hypothesis 17. Country's amount of social spending will increase individuals' reported trust in institutions.

Estimates for model 2 in table 17 show that accounting for countries' spending in social benefits helps to explain 5% of the total variance in individuals' reported trust in institutions across countries. Controlling for individual-level characteristics in model 3 increases this variability to 7%. There are not substantial differences in subsequent models except for model 5 where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 9%.

Countries' expenditure in social benefits or welfare effort contributes to institutional trust, and the impact is almost equivalent for both populations. Additionally,

estimates for table 7 show that differences between natives and immigrants as regards the impact of countries' social spending in their reported trust in institutions are significant in the population. Results support hypothesis 17.

[Table 17 about here]

Hypothesis 18. Country's spending in non-means-tested benefits will increase individuals' reported institutional trust while country's spending in means-tested benefits will decrease it.

Table 18 shows that including the welfare scope variables in model 2 helps to explain 4% of the total of individuals' reported trust in institutions across countries. Controlling for individual-level characteristics in model 3 increases this variability to 6%. There are not substantial differences in subsequent models except for model 5 where countries' unemployment rate for natives is introduced. Controlling for this variable increases the explanatory power of the model to 8%.

Countries' welfare design or welfare scope contributes to individuals' reported trust in institutions. Furthermore, countries' social spending in non-means-tested benefits increases individuals' reported trust in institutions, and the impact is almost equivalent for both immigrants and native-born populations. In addition, countries' social spending in means-tested benefits decreases institutional trust although differences are only significant for the native-born population. Additionally, estimates for table 7 show that differences between natives and immigrants as regards the impact of countries'

expenditures in their reported trust in institutions are significant in the population. Results support hypothesis 18.

[Table 18 about here]

Hypothesis 19. Country's amount of social spending will increase individuals' frequency of informal social contacts.

Estimates for model 2 in table 19 show that accounting for countries' spending in social benefits helps to explain 0.13% of the total variance in individuals' frequency of informal social contacts across countries. Controlling for individual-level characteristics in model 3 increases this variability to 10%. Although including native unemployment rate in model 5 does not increase the explanatory power of the model substantially, it decreases both populations frequency of informal social contacts. Including countries' degree of employment protection legislation in model 7 increases frequency of socialization.

Countries' spending in social benefits increases both populations' frequency of socialization and the impact is almost equivalent for both populations. Including native unemployment rate in model 5 neutralizes the positive impact of country's spending in social benefits on individuals' frequency of informal social contacts. Estimates for table 7 show that differences between natives and immigrants as regards the impact of welfare effort of their frequency of socialization are not significant in the population. Results partially support hypothesis 19.

[Table 19 about here]

Hypothesis 20. Country's spending in non-means-tested benefits will increase individuals' frequency of informal social contacts while country's spending in means-tested benefits will decrease it.

Estimates for model 2 in table 20 show that accounting for countries' spending in social benefits does not help total variance in individuals' frequency of informal social contacts across countries. Controlling for individual-level characteristics in model 3 increases this variability to 10%. Although including native unemployment rate in model 5 does not increase the explanatory power of the model substantially, it decreases both populations frequency of informal social contacts. Including countries' degree of employment protection legislation in model 7 increases the frequency of socialization of the native-born population.

Welfare scope does not significantly contribute to natives' frequency of informal social contacts. Model 2 shows that countries' spending in non-means-tested benefits increases immigrants frequency of socialization. However, controlling for individual-level control variables in model 3 turn the impact of spending in means-tested benefits into insignificant in the population. Additionally, it turns into negative the impact of spending in means-tested benefits in immigrants' frequency of socialization, although differences are not significant in the population. Estimates for table 7 show that differences between natives and immigrants as regards the impact of welfare scope of their frequency of socialization are not significant in the population. Results partially support hypothesis 20.

[Table 20 about here]

Chapter Six

Discussion

The primary goal of this dissertation was to examine the correlation between the welfare state and the economic and social incorporation of foreign-born individuals into recipient societies. Additionally, this dissertation investigated whether two key traits of the welfare state, welfare effort and welfare design, were part of the relationship.

The role of the welfare state in the economic incorporation of international labor has been the focus of the political economy literature for the last few decades and despite wonderful contributions, this literature also presents several limitations. The first is that it has paid little attention to isolate the role of the welfare state on the economic incorporation of foreign labor. It has been a common practice of prior literature to focus on immigrants' economic outcomes such as employment and occupational status and to attribute differences in outcomes to presumed welfare characteristics of the contexts of reception. However, to gauge the impact of the welfare state on immigrants' chances of incorporation requires evaluating its influence separately from the influence of individual-level confounders. Only a handful of studies have employed this methodological approach.

A second limitation, closely related to the first one, is that past literature has mainly employed the welfare regime theory to evaluate the impact of the welfare state on immigrants' economic incorporation. However, past studies have rarely included theoretical characteristics of the welfare state on the analyses.

A third limitation stems from how previous empirical literature has conceptualized the role of the welfare state. From the assumption that market attainment is equivalent to economic incorporation, past literature has mainly employed indicators of market performance to assess the success, or lack thereof, of different welfare regimes on the economic incorporation of foreign-born populations. However, the welfare state originated as a redistributive mechanism to compensate for the economic inequalities derived from participating in liberal markets. Yet its capacity to compensate for the economic challenges faced by immigrant population when settling in a new country has rarely been addressed in a multilevel context.

Concerning social incorporation, whether the welfare state promotes or erodes immigrants' social capital has been investigated in countries representative of the Scandinavian regime, but it has not been addressed in a cross-national setting.

To address these limitations this dissertation pursued three goals.

First, it aimed to isolate the ability of the welfare state to compensate for the economic challenges faced by foreign-born labor when settling in a new country. More specifically, this dissertation tested a) whether the welfare state contributes to the economic well-being of natives and immigrants differently and b) whether comprehensive welfare regimes compensate better than residual regimes for the economic challenges faced by immigrant populations when settling in a new country.

Second, it investigated whether the welfare state influenced the social capital of foreign-born. Particularly, this study addressed a) whether the welfare state impacts the social capital of natives and immigrants differently and b) whether comprehensive welfare regimes promote or erode the social capital of foreign-born populations.

The third goal of this dissertation was to test whether two key characteristics of the welfare state, social spending or welfare effort and welfare design or welfare scope, contribute to the economic well-being and to the social capital of immigrant populations.

The Welfare State as Agent of Immigrants' Economic Incorporation

A main contribution of this study is that examines the welfare state's ability to compensate for the economic hardships faced by foreign-born populations when settling in a new country. Additionally, it investigates the impact of two welfare theoretical characteristics, welfare effort and welfare scope, on immigrants' economic well-being. This section summarizes the findings and discusses their contribution to the literature in terms of 1- whether comprehensive welfare regimes compensate better than residual regimes for the economic challenges faced by immigrant populations when settling in a new country, 2-the contribution of welfare effort and welfare scope on immigrants' economic well-being.

Is the Scandinavian regime more beneficial for the economic well-being of immigrants than other welfare systems?

Past research suggests that immigrants are at disadvantage to compete with the native population in the labor market of recipient societies (Constant & Schultz-Nielsen, 2004; Kesler, 2006). Furthermore, it seems that the flexible labor markets of countries with an Anglo-Saxon welfare regime are particularly beneficial for the economic incorporation of international labor (Engelen, 2003; Kogan, 2007a).

Results from this study partially support past literature. Immigrants and natives make ends meet most easily in countries with a Scandinavian welfare regime than in countries representative of other systems of welfare protection. Conversely, both groups struggle most financially in countries with an Eastern welfare regime, followed by countries with a Southern regime. Additionally, there are not differences for both, native and immigrant populations, as regards their ability to live on household income between the Scandinavian, the Bismarckian and the Anglo-Saxon regime.

An interesting finding is that accounting for a country's rate of immigrant unemployment increases immigrants' likelihood to live comfortably with their income in the Scandinavian regime while it decreases this likelihood in both the Southern and Eastern regimes. This suggests that the re-distributive capacity of the Scandinavian regime may protect immigrants better from economic hardship associated with unemployment than more residual systems of protection which mainly rely on the market to international labor into their social fabric.

Concerning differences on individuals' ability to live on household income across welfare regimes, the smallest gap between immigrants and natives occurs in the Anglo-Saxon regime followed by the Southern system of social protection. The largest gap between natives and immigrants on ability to make ends meet happens across welfare regimes happens in countries representative of the Bismarckian regime followed by countries with a Scandinavian system of welfare protection. This suggests that the impact of comprehensive systems of social protection is not equivalent between populations. It might be because immigrants do not have the same access to social benefits than their

native counterparts or because the impact of comprehensive social policies is less effective for immigrant populations than for their native peers.

The impact of welfare effort and welfare scope on the economic well-being of immigrants as compared to native-born populations.

As regards to welfare characteristics associated with immigrants' economic incorporation, both a country's welfare effort (expenditure on social benefits) and welfare scope (social spending on non means-tested benefits versus social spending in means-tested social benefits) influence immigrants' ability to make ends meet. However, immigrants have more difficulties to live on their household income than their native peers regardless of the welfare regime or social protection spending.

Welfare effort contributes positively to immigrants' economic well-being, although it exerts a lesser effect than for the native-born population. Both indicators of welfare scope contribute to immigrants' economic well-being, although the impact of social spending in means-tested benefits is larger than the impact of social spending in non-means-tested benefits. Additionally, controlling for country's unemployment rate lessen the impact of both, welfare effort and welfare scope, on immigrants' ability to live on their income.

In summary, the welfare state influences immigrants' economic incorporation into European countries. The Scandinavian regime compensates better than the Eastern and Southern regimes for the challenges associated with settling economically in a foreign country, although regardless the system of social protection, immigrants do not reach parity with their native peers on their ability to live on their income. There are not

differences for immigrants and natives on ability to live on household income between the Scandinavian, the Anglo-Saxon and the Bismarckian. The largest difference between natives and immigrants as regards to the probability of managing with their earnings occurs in countries with a Bismarckian regime while the smallest gap occurs in countries representative of the Anglo-Saxon cluster.

Both welfare effort and welfare scope contribute to immigrants' economic well-being, although the impact is smaller than for the native population. The impact of countries' spending in means-tested benefits on immigrants' ability to make ends meet is larger than the impact of countries' spending in non-means-tested benefits. Unemployment rate decreases the positive impact of welfare effort and welfare scope on immigrants' economic well-being.

The Welfare State as Agent of Immigrants' Social Incorporation

A major contribution of this study is that investigates the ability of the welfare state to promote the social capital of immigrant communities. Additionally, it examines the impact of two theoretical characteristics of the welfare state, welfare effort and welfare scope, on immigrants' reported indicators of social capital. This section summarizes the findings and discusses their contribution to the literature in terms of 1-whether comprehensive welfare regimes promote or erode the formation of social capital in immigrant communities 2-the contribution of welfare effort and welfare scope on immigrants' reported indicators of social capital.

Does the Scandinavian regime promotes or erodes social capital among immigrant communities?

Immigrants living in countries representative of the Scandinavian regime report higher social trust than peers living in countries representative of other welfare regimes. These findings expand previous research which reported that the welfare state influenced positively the social trust of foreign-born populations in Sweden and Denmark (Kumlin, 2002, 2004; Kumlin & Rothstein, 2005, 2008; Nannestad and Svendsen, 2006, 2008; Rothstein, 1998, Rothstein & Stolle, 2003).

For immigrants, the smallest gap on reported generalized trust occurs between the Scandinavian and the Bismarckian regime while the largest gap is between the Scandinavian and the Southern and Eastern regimes. There are not significant differences on reported generalized trust for immigrants between the Scandinavian and Anglo-Saxon regimes. The same patter holds for native-born populations, although all the differences are significant for this group.

The averaged reported generalized trust is higher for natives than for immigrants in countries representative of the Scandinavian regime, followed by countries representative of the Bismarckian regime. Conversely, immigrants in countries representative of the Southern regime report, on average, higher generalize trust than their native peers. There are not significant differences between both populations for the Anglo-Saxon and Eastern regimes.

These findings support previous research on the positive association between social capital and residing in countries with a Social-Democratic welfare system (Crepaz,

2008; Fridberg & Kangas, 2008; Kaariainen & Lehtonen, 2006; Listhaug & Ringdal, 2008, Scheepers et al., 2002; Van Oorschot & Arts, 2005).

Immigrants living in countries representative of the Scandinavian regime also report higher trust in institutions than peers living in countries representative of other welfare regimes. For immigrants, the smallest gap on reported institutional trust occurs between the Scandinavian and the Bismarckian regime while the largest gap is between the Scandinavian and the Eastern regime.

Although countries' rate of immigrant unemployment reduces immigrants reported institutional trust, its impact is much larger for countries representative of the Anglo-Saxon, Southern and Eastern regimes than for countries representative of the Scandinavian and Bismarckian regimes.

There are not significant differences between immigrants and natives reported trust in institutions in the Scandinavian and Eastern regimes. The smallest difference between natives and immigrants concerning institutional trust occurs in the Bismarckian regime, closely followed by the Southern regime. The largest difference occurs in countries representative of the Anglo-Saxon regime. On average immigrants report higher trust in institutions than their native peers.

Immigrants socialize more in countries representative of the Scandinavian regime than in countries representative of other welfare systems. For immigrants the smallest difference on frequency of socialization happens between the Scandinavian and the Bismarckian regimes and the largest between the Scandinavian and the Eastern regime. Countries' degree of employment protection legislation increases immigrants' chances of socialization.

There are not significant differences between immigrants and natives frequency of socialization with the exception of the Southern and Eastern regimes. Immigrants socialize more often than their native counterparts in the Eastern regime but less often than their native peers in the Southern regime.

Two interesting trends appear regarding the welfare state influence on immigrants' reported social capital. The first one is that the smallest difference on reported social capital between immigrants and native-born populations does not occur in countries representative of the Scandinavian regime as it was anticipated. A plausible explanation is that immigrants might not have the same access to welfare benefits as their native counterparts in the Scandinavian system. Another explanation is that, although both populations may have parity on welfare access, social benefits may not be as 'effective' for immigrant populations as they are for the native-born population.

The second trend is particularly interesting because it does not support past research, specifically that immigration status and social capital are negatively correlated (Cheong et al., 2007; Coffe & Geys, 2006). Immigrants present higher levels of institutional trust than their native peers across regimes.

There are two possible reasons for this outcome. The first is that as welfare coverage (or the access to it) decreases, immigrants rely more than their native counterparts on informal networks of solidarity to guarantee their basic needs and these interactions foster the generation of social capital. A second explanation is that immigrants' reported social capital may be influenced by characteristics associated to their countries of origin or to selectivity factors related to the migratory process. Unfortunately this study does not account for such variables.

The impact of welfare effort and welfare scope on the social capital of immigrant communities as compared to native-born.

As regards to welfare characteristics associated with immigrants' reported social capital, both a country's welfare effort (expenditure on social benefits) and welfare scope (social spending on non means-tested benefits versus social spending in means-tested benefits) influence immigrants' social capital.

Specifically, welfare effort increases both natives and immigrants' reported generalized trust, although the influence is larger for the native born. In addition, countries' unemployment rate decreases immigrants and natives reported generalized trust. Welfare effort also increases immigrants and natives trust in institutions, and the impact is almost equivalent for both populations. Countries' spending on social benefits increases immigrants frequency of socialization. It also influences how often natives meet family and friends, but only after controlling for percentage of immigrants in country. In addition, countries' unemployment rate decreases immigrants and natives frequency of socialization. Only for trust in institutions are the differences between natives and immigrants significant in the population.

Concerning welfare scope, social spending in means-tested benefits decreases natives and immigrants reported generalized trust, although the effect is significantly stronger for the native-born population. Social spending in means-tested benefits also decreases natives' reported trust in institutions, although the impact is not significant for the immigrant population. Social spending in means-tested benefits does not influence natives or immigrants' frequency of social contacts. Additionally, countries rate of

unemployment decreases both populations reported generalized trust and frequency of informal social contacts.

Social spending in non-means-tested benefits increases both natives and immigrants reported generalized trust, although the impact is larger for the native-born. Social spending in non-means-tested benefits also increases both natives and immigrants reported institutional trust and the impact is almost equivalent for both populations. Social spending in non-means-tested benefits also increases immigrants' frequency of informal social contacts. Additionally, countries rate of unemployment decreases both populations reported generalized trust and frequency of informal social contacts.

The above results seem to indicate that comprehensive welfare systems promote the social capital formation of immigrant communities. The positive influence appears to stem from countries' amount of social spending, particularly in non-means-tested programs. These results expand past findings which reported that in Sweden (archetype of the Scandinavian regime) immigrants' indicators of generalized trust increased if granted equal access to social resources and if they were treated with equal consideration and respect than the native-born population when dealing with welfare services (Kumlin, 2002, 2004; Kumlin & Rothstein, 2005, 2008; Rothstein, 1998).

In summary, the welfare state influences immigrants' social capital. Comprehensive systems foster the social capital accumulation of immigrant communities. A remarkable contribution is that being a foreigner is not necessarily associated with lesser amounts of social capital. Another important contribution is that social spending in means-tested benefits is detrimental for the social capital formation of immigrant communities.

Implications for Policy and Practice

Policy-makers and practitioners have not paid enough attention to the role of the welfare state in the incorporation of foreign-born populations into host societies. If as this study suggest, the welfare state influences immigrants' economic well-being and promotes social capital, this has obvious implications for policy and practice. Based on the findings of this study, this section discusses the implications for policy and practice of welfare state on the economic and social incorporation of foreign-born populations.

Implications for policy.

The current study suggests that the welfare state impacts significantly immigrants' chances of incorporation into host societies. Furthermore, this research indicates that the design of the welfare state matters and that comprehensive systems of social protection are more beneficial for immigrants' well-being than are residual systems. A policy implication stemming from this finding is straightforward; granting foreign-born access to host societies' market is not enough to assure their socio-economic incorporation. Granting foreigners access to social benefits of the recipient societies seems as well to be desirable to foster social cohesion. If the findings of this study are correct, expanding welfare institutions and increasing the access to foreign-born populations may improve the social cohesion of recipient societies. Social cohesion is desirable within a society because cohesive societies have stronger and better working democracies, more successful economies, and lower rates of crime and corruption (Putnam, 1993; Rothstein & Stolle, 2003).

A natural experiment concerning foreign-born access to a country's system of

social protection reinforces this recommendation. In 1996 the United States passed two pieces of legislation- the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and the Immigration Reform and Immigrant Responsibility Act (IIRIRA) -that changed forever the relationship between the welfare state and foreign-born population in that country. Since the passage of the law, citizenship became the criteria for entitlement to welfare benefits. The rationale underlying PRWORA was an increased perception that immigrant families had become a "burden" for federal government welfare expenditures and that non-citizens should not depend on the government, but on their own efforts and sponsors, to find their way into society. The reform established that foreign-born were not eligible for welfare benefits for the first five in the USA and their eligibility was established by each state afterwards (Espenshade, Bakara & Huber, 1997; Fix & Passel, 2002).

The welfare reform resulted in a sharp decrease of the number of immigrant families enrolled in welfare programs. As a consequence, the poverty rate of the children of immigrants increased substantially. Additionally, there was an increase on segregation practices since students with limited English proficiency were allocated in schools were most of the population had also limited English abilities. Closely related was an increment of the school dropout rate among the children of immigrant, particularly among those of Hispanic origin. Another unintended consequence related with preventing foreign-born access from accessing social benefits was a sharp increment of uninsured individuals with no access to health care (Fix, Zimmerman & Passel, 2001).

Implications for practice.

This study does not focus in how the welfare state actually operates to facilitate immigrants' incorporation. However, past scholars have argued that being fairly treated when dealing with public institutions is as important to people as getting a positive outcome (Lind & Tyler, 1988). The argument is that procedural justice is embedded in the design and delivery of social services of the welfare state. Immigrants who are treated with the same respect and consideration than then native-born population by the host country welfare institutions tend to develop better incorporation outcomes than counterparts who experience arbitrary practices or perceive that are not deemed worthy of the service (Rothstein, 1998; Rothstein & Uslaner, 2004). If the theory is correct there are obvious implications for practice. Practitioners should be aware of the culture of the population they are serving to be able to deliver culturally competent services which foster clients' dignity. Closely related is the desirability for practitioners and agencies to be able to communicate with their clients. Social service practitioners should be able to speak the language of the population they serve or at least to count with adequate translations services. A related strategy is that social services should seek training and hiring practitioners from the same communities as the populations they serve.

Limitations and Future Research

Even though this study contributes to understanding the relationship between the welfare state and the incorporation of foreign-born populations in recipient societies, it presents several limitations which should be considered in future research.

Limited Number of Countries. The study employs a limited number of level-2 units (countries). A small sample size at the highest hierarchical level can result on a restricted power of the test when the primary goal of the study is to investigate the effect of level-2 variables in level-1 units (Maas & Hox, 2005). This study tests the relationship of welfare and welfare characteristics (level-2 variables) on individuals' incorporation into host societies (level-1 units). The limited ratio between units increased the probability to commit Type II error or the failure to reject a false null hypothesis. Future research should consider increasing the power of the test by adding a larger number of level-2 units in the analyses.

Better Measures. The welfare state and social capital are complex constructs at their very early stages of development. Consequently, the variables employed to measure these concepts might not represent them accurately. For example, welfare state measures, such as regime type and welfare effort and scope, might not exhaustively capture the characteristics of different welfare systems. The classification of countries under particular welfare regimes, the number of regimes, their characteristics and the suitability of the methodology employed to classify regimes and countries, are still intensely debated in the literature (Arts &Gelissen 2002; Bambra, 2006, 2007). Additionally, welfare effort or countries' expenditure on social benefits may capture only partially the construct of welfare state given that the welfare state is established on the interplay of the market, the family and the state. Similarly, welfare scope, particularly countries' social spending in non-means-tested benefits, is not equivalent to welfare' degree of universalism. Non-means-tested benefits do not imply universal access of the population. Non-means-tested benefits include both, benefits of universal access such as health care

and education but also benefits tailored exclusively for particular groups such as civil servants. Thus, future research should consider different alternatives to classify welfare regimes and the countries within each regime. Additionally, further research is needed including more accurate measures of welfare degree of universalism and indicators of the interrelation between the market, the state and the family.

Third, Omitted Variables. Time spent in the host country and immigrant generation are two aspects that should be included in the analyses if attempting to gauge immigrants' degree of incorporation into host societies. Although it is still under discussion whether time spent in the recipient country is beneficial or damaging for immigrants' incorporation processes, research suggest that time and immigrant generation influence immigrants economic position and their understanding of recipient societies' norms and culture (Alba & Nee, 2003; Portes & Zhou, 1993). Future research should include time spent in the host country among foreign-born individuals when evaluating the impact of the welfare state on their incorporation processes. Additionally, research should be conducted to test if the welfare state influences the incorporation processes of the descendent of foreign-born differently that the incorporation processes of their parents.

Country of origin is another variable that has been associated with variability in economic and social capital incorporation outcomes. For example, Kogan (2007a) found that immigrants from Asian countries were less likely to be unemployed in Europe than counterparts originally from countries of the sub-Saharan Africa region. Past research also suggest that immigrants who proceed from countries less economically developed than the recipient communities present economic performance than peers from wealthier

regions (Van Tubergen, 2006).

Concerning social capital variability, one study conducted in Denmark found that the difference between the quality of institutions of sending and receiving communities had a substantial influence on immigrants' levels of generalized trust (Nannestad & Svendsen, 2005). Future research should include characteristics of the sending communities in the analyses to investigate if they exert a mediating role on the relationship of different welfare systems with immigrants' economic and social incorporation.

Fourth, Causality. The cross-sectional nature of this study does not allow verifying casual relationships. It is not possible assert whether generous welfare states influence individuals' economic well-being or the formation of social capital or if the opposite relationship is in place and communities with high levels of social trust tend to establish comprehensive systems of welfare protection. Future research should address this question by employing more sophisticated designs and data sources that allow for such analyses.

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Figure 1: Welfare Regimes Classification by Country and Author.

Author	Classification				
Esping-Andersen (1990)	Liberal	Conservative	Social-Democratic		
	Australia	Finland	Austria		
	Canada	France	Belgium		
	Ireland	Germany	Netherlands		
	New Zealand	Japan	Denmark		
	UK	Italy	Norway		
	USA	Switzerland	Sweden		
Ferrera (1996)	Anglo-Saxon	Bismarckian	Scandinavian	Southern	
	Ireland	Austria	Denmark	Greece	
	UK	Belgium	Finland	Italy	
		France	Norway	Portugal	
		Germany	Sweden	Spain	
		Luxembourg			
		Netherlands			
		Switzerland			
Eikemo et al. (2008)	Anglo-Saxon	Bismarckian	Scandinavian	Southern	Eastern
	Ireland	Austria	Denmark	Greece	Czech R.
	UK	Belgium	Finland	Italy	Estonia
		France	Norway	Portugal	Hungary
		Germany	Sweden	Spain	Poland
		Luxembourg			Slovakia
		Netherlands			Slovenia
		Switzerland			Ukraine

Figure 2: Country Level Factors Related to Immigrants' Economic Incorporation.

	Unemployment	Income	Occupational Status
Fleischmann and Dronkers (2007)	Conservative ! , Social-Democratic (ref)	N/A	Summary index of the strictness of employment Protection +
Kogan (2007)	Liberal +, Social-Democratic - Conservative (ref) Size of the unskilled and low-skilled sector +/- Summary index of the strictness of employment protection! GDP percentage change +/!	N/A	N/A
Wanner and Dronkers (2005)	N/A	Countries' social expenditure! Degree of access to countries' social security for family member! Percentage of immigrants in country!	N/A

***Note*:** Significant welfare regimes ranked in descendent order according to coefficients
(+) Positive correlation; (-) Negative correlation; (!) Not significant;
(N/A) Not applicable; (ref) Referent regime.

Figure 3: Country Level Factors Related to Social Trust.

Study	Generalized Trust	Trust in Institutions
Crepaz (2008)	Social- Democratic + Percentage of foreign-born ! Decommodification index +	N/A
Fridberg and Kangas (2008)	Social-democratic + Continental !, Liberal !, Mediterranean ! Eastern (ref) Human Development Index + Population size !	N/A
Kaariainen and Lehtonen (2006)	Liberal -, Conservative -, Mediterranean -, Eastern - Social- Democratic (ref)	N/A
Listhaug and Ringdal (2008)		Mediterranean +/ ! , Eastern +/- , Continental !, Liberal ! Social-Democratic (ref) Human Development Index +/- Population size !
Tamilina (2008)	Social spending + Non-means tested benefits + Means-tested benefits – Income inequality - Unemployment rate +	Social spending ! Non-means tested benefits + Means-tested benefits – Income inequality - Unemployment rate -
Van Oorschot and Arts (2005)	Liberal -, Mediterranean -, Conservative - , Eastern - Social- Democratic (ref) Social spending - Income inequality -	Liberal -, Conservative -, Mediterranean -, Eastern - Social- Democratic (ref) Social spending + Income inequality!

***Note*:** Significant welfare regimes ranked in descendent order according to coefficients
(+) Positive correlation; **(-)** Negative correlation; (!) Not significant;
(N/A) Not applicable; (ref) Referent regime.

Figure 4: Country Level Factors Related to Individuals' Social Participation.

Study	Contact with Family	Contact with Friends
Kaariainen and Lehtonen (2006)*	Mediterranean + Liberal !, Conservative !, Eastern ! Social- Democratic (ref)	N/A
Scheepers, Grotenhuis and Gelissen (2002)	Mediterranean +, Conservative + Liberal !, Eastern ! Social-Democratic (ref) Social expenditure -	Mediterranean +, Liberal + Conservative !, Eastern ! Social-Democratic (ref) Social expenditure -
Van der Meer, Scheepers and Grotenhuis (2009)	Social expenditure -	Social expenditure !
Van Oorschot and Arts (2005)	Conservative +, Eastern +, Mediterranean +, Liberal + Social-Democratic (ref) Social expenditure+ Inequality +	Eastern -, Liberal -, Mediterranean -, Conservative ! Social-Democratic (ref) Social expenditure+ Inequality -

***Note*:** Significant welfare regimes ranked in descendent order according to coefficients
(+) Positive correlation; **(-)** Negative correlation; (!) Not significant;
(N/A) Not applicable; (ref) Referent regime.

* Kaariainen et al. (2006) created a single measure for contact with family and friends

Figure 5: Countries by Round Included in the ESS Cumulative Data File.

Country	Round 1	Round 2	Round 3
Austria	**X**	**X**	**X**
Belgium	**X**	**X**	**X**
Czech Republic	**X**	**X**	
Denmark	**X**	**X**	**X**
Estonia		**X**	**X**
Finland	**X**	**X**	**X**
France	**X**	**X**	**X**
Germany	**X**	**X**	**X**
Greece	**X**	**X**	
Great Britain	**X**	**X**	**X**
Hungary	**X**	**X**	**X**
Ireland	**X**	**X**	**X**
Italy	**X**	**X**	
Luxembourg	**X**	**X**	
Netherlands	**X**	**X**	**X**
Norway	**X**	**X**	**X**
Poland	**X**	**X**	**X**
Portugal	**X**	**X**	**X**
Slovakia		**X**	**X**
Slovenia	**X**	**X**	**X**
Spain	**X**	**X**	**X**
Sweden	**X**	**X**	**X**
Switzerland	**X**	**X**	**X**
Ukraine		**X**	**X**

Source: European Social Survey1-3e01 Variable Documentation List.

Figure 6: Variables Included in the Study.

	Name	Measurement
DVs		
Economic Incorporation	Feeling about household income	Respondent's ability to live with current household income coded as 1=very difficult, 2=difficult, 3=copying, 4=living comfortably.
Social Trust	Generalized trust	Respondent's trust in others (scale ranging from 0 to 30).
	Trust in institutions	Respondent's trust in governmental institutions (scale ranging from 0 to 30).
Social Participation	Frequency of informal social contacts	How often respondent meets friends, relatives or colleagues (scale ranging from never=0 to every day=30).
IVs		
Individual-level	Foreign-born	0=native-born individuals. 1= foreign-born individuals from countries outside the European Union.
Country-level	Welfare regime	Scandinavian, Bismarckian, Anglo-Saxon, Southern, Easter (dummy variables).
	Welfare effort	Percentage of countries' GDP invested in social protection benefits.
	Welfare scope	Percentage of countries' GDP invested in non-means-tested social protection benefits. Percentage of countries' GDP invested in means-tested social protection benefits.

Figure 6: Variables Included in the Analyses (cont.).

	Name	Measurement
Control Variables		
Individual-level		
Demographic	Age	Respondent's age in years.
	Age squared	Respondent's age in years squared.
	Gender	Respondent's reported gender (no=0/yes=1).
	Partnered	Respondent lives with husband, wife, partner (no=0/yes=1).
	Residential parent	Respondent has children living in the household (no=0/yes=1).
	Rural area	Respondent lives in a rural area (no=0/yes=1).
Socio-economic	Education	Respondent's years of full time education completed (0 to 25 and over).
	Employed	Respondent is in paid work (no=0/yes=1).
	Unemployed	Respondent is unemployed (no=0/yes=1).
	Inactive	Respondent is neither in paid work nor unemployed (no=0/yes=1).
Country-level	Percentage of Immigrants	Percentage of non-European foreign-born population in country.
	Native-born unemployment rate	Percentage of native-born unemployed population in country.
	Foreign-born unemployment rate	Percentage of native-born unemployed population in country.
	EPL index	Index of employment protection legislation.

Table 1: Sample Size by Country and Population.

Country	Native-born (%)	Foreign-born (%)	Total (%)
Austria	5,767 (5.18)	299 (0.27)	6,067 (5.44)
Belgium	4,506 (4.04)	218 (0.20)	4,724 (4.24)
Czech Republic	3,916 (3.51)	70 (0.63)	3,987 (3.58)
Denmark	4,008 (3.60)	171 (0.15)	4,179 (3.75)
Estonia	2,172 (1.95)	668 (0.60)	2,840 (2.55)
Finland	5,649 (5.07)	54 (0.48)	5,703 (5.12)
France	4,223 (3.79)	322 (0.29)	4,544 (4.08)
Germany	7,322 (6.57)	576 (0.52)	7,898 (7.09)
Great Britain	5,241 (4.70)	435 (0.39)	5,676 (5.09)
Greece	4,107 (3.69)	413 (0.37)	4,519 (4.06)
Hungary	4,381 (3.93)	85 (0.76)	4,466 (4.01)
Ireland	5,378 (2.36)	100 (0.90)	5,478 (4.92)
Italy	2,625 (2.36)	38 (0.34)	2,667 (2.39)
Luxembourg	1,514 (1.36)	201 (0.18)	1,716 (1.54)
Netherlands	5,264 (4.72)	372 (0.33)	5,636 (5.06)
Norway	4,932 (4.43)	180 (0.16)	5,112 (4.59)
Poland	5,265 (4.72)	37 (0.34)	5,299 (4.76)
Portugal	5,398 (4.75)	279 (0.25)	5,577 (5.01)
Spain	4,827 (4.33)	265 (0.24)	5,091 (4.57)
Slovenia	3,678 (3.30)	295 (0.26)	3,973 (3.57)
Slovakia	2,975 (2.67)	6 (0.00)	2,981 (2.68)
Sweden	4,783 (4.29)	358 (0.32)	5,141 (4.61)
Switzerland	4,148 (3.72)	429 (0.39)	4,577 (4.11)
Ukraine	3,243 (2.91)	338 (0.30)	3,581 (3.21)
Total	105,214 (94.43)	6,172 (5.57)	111,386 (100.0)

*Data weighted applying design weights.

Table 2: Descriptive Statistics for Individual-Level Variables*

Dependent Variables	Native-born	Foreign-born
Ability to live on household income (%)		
Very difficult	5.37	10.46***
Difficult	16.59	24.94***
Able	45.62	43.56***
Living comfortably	32.42	21.04***
Generalized trust (units)	15.55	14.99***
Trust in institutions (units)	15.86	16.45***
Frequency of informal social contacts (units)	10.04	9.85***
Independent Variables		
Age (years)	46.40	43.87***
Male (%)	47.17	46.91
Residential parent (%)	41.99	50.91***
Partnered (%)	63.32	65.15**
Living in rural area (%)	42.02	20.60***
Education (%)	11.81	12.05***
Employed (%)	50.13	51.11
Unemployed (%)	4.41	7.96***
Inactive (%)	45.44	40.91***

*Data weighted applying design weights.

Table 3: Descriptive Statistics for Country-Level Variables.

Country	Pmig(%)	Nunem(%)	Funem(%)	EPL
Austria	4.82	4.13	13.3	2.22
Belgium	3.51	6.63	34.5	2.50
Czech Republic	1.13	7.80	6.5	1.99
Denmark	2.75	4.56	13.8	1.90
Estonia	10.76	8.60	15.2	2.29
Finland	0.87	9.53	25.6	2.12
France	5.18	8.16	24.0	2.89
Germany	9.28	8.86	24.5	2.44
Great Britain	7.00	4.56	9.4	1.08
Greece	6.64	9.93	8.4	3.02
Hungary	1.37	6.23	6.0	1.68
Ireland	1.61	4.00	8.1	1.27
Italy	0.06	7.60	10.8	1.88
Luxembourg	3.24	2.26	11.0	3.35
Netherlands	6.00	3.26	17.9	2.27
Norway	2.89	3.93	18.2	2.61
Poland	0.60	18.3	25.0	2.04
Portugal	4.50	5.73	12.8	3.47
Spain	4.26	10.03	12.3	3.03
Slovenia	4.75	6.50	10.0	2.57
Slovakia	0.97	16.46	25.0	1.88
Sweden	5.76	5.70	22.7	2.49
Switzerland	6.91	2.63	14.3	1.60
Ukraine	5.45	7.00	15.0	2.30

Pmig= Percentage of non-EU immigrants per country.
Nunem= Native-born unemployment rate.
Funem= Foreign-born unemployment rate.
EPL= Employment Protection Legislation index.

Table 4: Odds Ratios from a Hierarchical Ordered Logistic Regression Model for Ability to Live on Household Income: Welfare Regime Types as Predictors

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native (γ_{00})	-3.28***	-3.35***	-4.29***	-2.83***	-2.78***	-2.76***	-3.00***	-2.84***
Bismarckian regime (γ_{01})			0.14	0.09	-0.02	0.14	0.10	0.14
Anglo-Saxon regime (γ_{02})			0.28	0.18	0.13	0.28	0.60	0.01
Southern regime (γ_{03})			1.47*	1.16*	1.11+	1.02+	1.55*	1.27*
Eastern regime (γ_{04})			2.16***	2.07***	2.06***	1.82**	2.31***	2.04**
Country-level controls:								
Percentage of immigrants (γ_{05})					0.03			
Natives unemployment rate (γ_{05})						0.05		
Immigrants unemployment rate (γ_{05})							0.04+	
Employment Protection Legislation (γ_{05})								-0.15
Immigrant (γ_{10})		-2.67***	-3.33***	-1.89***	-1.85***	-1.86***	-2.04***	-1.90***
Bismarckian regime (γ_{11})			0.37	0.31	0.21	0.35	0.32	0.35
Anglo-Saxon regime (γ_{12})			-0.32	-0.21	-0.25	-0.13	0.13	-0.24
Southern regime (γ_{13})			0.98+	0.87	0.83	0.75	1.21*	0.88
Eastern regime (γ_{14})			1.43**	1.31**	1.30*	1.09*	1.50**	1.28*
Country-level controls:								
Percentage of immigrants (γ_{05})					0.00			
Natives unemployment rate (γ_{05})						0.04		
Immigrants unemployment rate (γ_{05})							0.03	
Employment Protection Legislation (γ_{05})								-0.03
Level 1 controls:								
Age (γ_{20})				0.004***	0.004***	0.004***	0.004***	0.004***
Age Squared (γ_{30})				-0.71***	-0.71***	-0.71***	-0.71***	-0.71***
Male (γ_{40})				-0.08***	-0.08***	-0.08***	-0.08***	-0.08***
Residential Parent (γ_{50})				0.36***	0.36***	0.36***	0.36***	0.36***
Partnered (γ_{60})				-0.53***	-0.53***	-0.53***	-0.53***	-0.53***

Rural area (γ_{70})				0.03*	0.03*	0.03*	0.03*	0.03*
Education (γ_{80})				-0.11***	-0.11***	-0.11***	-0.11***	-0.11***
Employed (γ_{90})				-1.64***	-1.64***	-1.64***	-1.64***	-1.64***
Inactive (γ_{100})				-1.24***	-1.24***	-1.24***	-1.24***	-1.24***
Between-country variance (τ_{00})	1.22***	1.22***	0.52***	0.54***	0.56***	0.53***	0.51***	0.57***
Immigrant slope variance (τ_{01})		0.20***	0.09***	0.10***	0.10***	0.09***	0.10***	0.10***
Total variance explained (%)			57%	56%	54%	56%	58%	53%
Threshold ($\delta 2$)	1.83	1.84	1.84	1.97	1.97	1.97	1.97	1.97
Threshold ($\delta 3$)	4.28	4.30	4.30	4.63	4.63	4.63	4.63	4.63

+p<0.10 *p<0.05, **p<0.01, ***p<0.001. ‡Outcome variable= ability to live on present income coded (1) very difficult on present income, (2) difficult on present income (3) coping on present income (4) living comfortably on present income.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 5: Difference between Native-born and Foreign-bon individuals on their to Ability to Live on Household Income across Welfare Regimes.

	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})						
Scandinavian regime (γ_{01})	-4.29	-2.83	-2.78	-2.76	-3.00	-2.84
Bismarckian regime (γ_{02})	-4.15	-2.73	-2.80	-2.61	-2.88	-2.69
Anglo-Saxon regime (γ_{03})	-4.00	-2.64	-2.64	-2.47	-2.39	-2.82
Southern regime (γ_{04})	-2.81	-1.66	-1.65	-1.73	-1.44	-1.56
Eastern regime (γ_{05})	-2.13	-0.75	-0.71	-0.93	-0.68	-0.79
Foreign-born (γ_{00})						
Scandinavian regime (γ_{01})	0.96***	0.93***	0.93***	0.92***	0.96***	0.93***
Bismarckian regime (γ_{02})	1.20***	1.15***	1.17***	1.13***	1.17***	1.15***
Anglo-Saxon regime (γ_{03})	0.35+	0.53**	0.54**	0.50**	0.49**	0.67**
Southern regime (γ_{04})	0.46**	0.64**	0.64**	0.65**	0.61*	0.54*
Eastern regime (γ_{05})	0.23+	0.17	0.17	0.19	0.15	0.17

+p<0.10 *p<0.05, **p<0.01, ***p<0.001. ‡Outcome variable= ability to live on present income coded (1) very difficult on present income, (2) difficult on present income (3) coping on present income (4) living comfortably on present income.

Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 6: Odds Ratios from a Hierarchical Ordered Logistic Regression Model for Ability to Live on Household Income: Welfare Effort as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	-3.37***	-3.43***	-3.44***	-2.08***	-2.08***	-2.08***	-2.08***	-2.08***
Welfare effort (γ_{01})			-0.12**	-0.10**	-0.10**	-0.07**	-0.12***	-0.10**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.02			
Native-born unemployment rate (γ_{05})						0.13***		
Immigrant unemployment rate (γ_{05})							0.02	
Employment Protection index (γ_{05})								-0.03
Immigrant (γ_{10})		-2.75***	-2.75***	-1.38***	-1.40***	-1.38***	-1.37***	-1.40***
Welfare effort (γ_{11})			-0.07**	-0.07**	-0.07**	-0.05**	-0.09***	-0.07***
Country-level controls:								
Percentage of immigrants (γ_{13})					0.01			
Country unemployment rate (γ_{13})						0.08**		
Immigrant unemployment rate (γ_{13})							0.03	
Employment Protection index (γ_{13})								0.16
Individual-level controls:								
Age (γ_{20})				0.004*	0.004*	0.004*	0.004*	0.004*
Age Squared (γ_{30})				-0.07***	-0.07***	-0.07***	-0.07***	-0.07***
Male (γ_{40})				-0.08***	-0.08***	-0.08***	-0.08***	-0.08***
Residential Parent (γ_{50})				0.37***	0.37***	0.37***	0.37***	0.37***
Partnered(γ_{60})				-0.54***	-0.54***	-0.54***	-0.54***	-0.54***
Rural area(γ_{70})				0.02	0.02	0.02	0.02	0.02
Education(γ_{80})				-0.12***	-0.12***	-0.12***	-0.12***	-0.12***
Employed(γ_{90})				-1.63***	-1.63***	-1.63***	-1.63***	-1.63***
Inactive (γ_{100})				-1.24***	-1.24***	-1.24***	-1.24***	-1.24***
Between-country variance (τ_{00})	0.93***	0.93***	0.63***	0.58***	0.61***	0.37***	0.58***	0.61***
Immigrant slope variance (τ_{01})		0.22***	0.20***	0.17***	0.17***	0.15***	0.17***	0.17***

Total variance explained (%)			32%	37%	34%	60%	38%	34%
Threshold ($\delta 2$)	1.83	1.80	1.80	1.94	1.94	1.94	1.94	1.94
Threshold ($\delta 3$)	4.24	4.27	4.27	4.59	4.59	4.59	4.59	4.59

+p<0.10 *p<0.05, **p<0.01, ***p<0.001. ‡Outcome variable= ability to live on present income coded (1) very difficult on present income, (2) difficult on present income (3) coping on present income (4) living comfortably on present income.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 7: Difference between Native-born and Foreign-bon individuals on their to Ability to Live on Household Income, Generalized Trust, Trust in Institutions and Frequency of Informal Social Contacts across Welfare Regimes: Welfare Effort and Welfare Scope as Predictors.

	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})						
Ability to live on household income	-3.44	-2.08	-2.08	-2.08	-2.08	-2.08
Generalized trust	15.37	14.16	14.16	14.16	14.15	14.14
Trust in institutions	16.21	14.56	14.57	14.57	14.56	14.56
Frequency of informal social contacts	10.06	10.86	10.85	10.86	10.86	10.86
Foreign-born						
Ability to live on household income	-2.75***	-1.38***	-1.40***	-1.38***	-1.37***	-1.40***
Generalized trust	15.08	13.94	14.03	13.93	13.93	13.96
Trust in institutions	16.74*	15.17*	15.17*	15.17*	15.16*	15.14*
Frequency of informal social contacts	9.79	10.52	10.54	10.45	10.52	10.52

+p<0.10 *p<0.05, **p<0.01, ***p<0.001.

Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 8: Odds Ratios from a Hierarchical Ordered Logistic Regression Model for Ability to Live on Household Income: Welfare Scope as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	-3.37***	-3.43***	-3.44***	-2.08***	-2.08***	-2.08***	-2.08***	-2.08***
Means-tested benefits (γ_{01})			-0.30+	-0.24	-0.24	-0.21+	-0.25	-0.24
Non-means-tested benefits ( )			-0.13**	-0.12**	-0.12**	-0.08**	-0.13**	-0.12**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.01			
Native-born unemployment rate (γ_{05})						0.13***		
Immigrant unemployment rate (γ_{05})							0.02	
Employment Protection index (γ_{05})								-0.07
Immigrant (γ_{10})		-2.75***	-2.76***	-1.38***	-1.41***	-1.38***	-1.37***	-1.39***
Means-tested benefits (γ_{11})			-0.26*	-0.19+	-0.22*	-0.17*	-0.19+	-0.16
Non-means-tested benefits ()			-0.08**	-0.07**	-0.07**	-0.05*	-0.09**	-0.07**
Country-level controls:								
Percentage of immigrants (γ_{13})					0.02			
Country unemployment rate (γ_{13})						0.09**		
Immigrant unemployment rate (γ_{13})							0.03*	
Employment Protection index (γ_{13})								0.13
Individual-level controls:								
Age (γ_{20})				0.004*	0.004*	0.004*	0.004*	0.004*
Age Squared (γ_{30})				-0.07***	-0.07***	-0.07***	-0.07***	-0.07***
Male (γ_{40})				-0.08***	-0.08***	-0.08***	-0.08***	-0.08***
Residential Parent (γ_{50})				0.37***	0.37***	0.37***	0.37***	0.37***
Partnered(γ_{60})				-0.54***	-0.54***	-0.54***	-0.54***	-0.54***
Rural area(γ_{70})				0.02	0.02	0.02	0.02	0.02
Education(γ_{80})				-0.12***	-0.12***	-0.12***	-0.12***	-0.12***
Employed(γ_{90})				-1.63***	-1.63***	-1.63***	-1.63***	-1.63***
Inactive (γ_{100})				-1.24***	-1.24***	-1.24***	-1.24***	-1.24***

Between-country variance (τ_{00})	0.93***	0.93***	0.70***	0.64***	0.67***	0.40***	0.65***	0.67***
Immigrant slope variance (τ_{01})		0.22***	0.20***	0.17***	0.18***	0.15***	0.18***	0.18***
Total variance explained (%)			24%	31%	28%	57%	30%	28%
Threshold ($\delta 2$)	1.83	1.80	1.80	1.94	1.94	1.94	1.94	1.94
Threshold ($\delta 3$)	4.24	4.27	4.27	4.59	4.59	4.59	4.59	4.59

+p<0.10 *p<0.05, **p<0.01, ***p<0.001. ‡Outcome variable= ability to live on present income coded (1) very difficult on present income, (2) difficult on present income (3) coping on present income (4) living comfortably on present income.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 9: Estimates from a Hierarchical Linear Regression Model for Generalized Trust: Welfare Regime Types as Predictors.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	15.22***	15.25***	19.38***	17.78***	17.89***	17.58***	17.93***	17.74***
Bismarckian regime (γ_{01})			-3.36***	-2.97***	-3.24***	-2.99***	-2.72***	-2.86***
Anglo-Saxon regime (γ_{02})			-2.51*	-1.93*	-2.00*	-1.90*	-2.29*	-3.08**
Southern regime (γ_{03})			-6.82***	-6.35***	-6.45***	-6.01***	-7.02***	-5.69***
Eastern regime (γ_{04})			-6.15***	-5.55***	-5.61***	-5.03***	-5.84***	-5.61***
Country-level controls:								
Percentage of immigrants (γ_{05})					0.11			
Native-born unemployment rate (γ_{05})						-0.14*		
Immigrant unemployment rate (γ_{05})							-0.07+	
Employment Protection index (γ_{05})								-0.97+
Immigrant (γ_{10})		14.95***	17.76**	16.40**	16.36**	16.24**	16.57**	16.35**
Bismarckian regime (γ_{11})			-2.42**	-2.03**	-1.89*	-2.04**	-1.69**	-1.85**
Anglo-Saxon regime (γ_{12})			-0.49	-0.47	-0.35	-0.44	-0.97	-1.68+
Southern regime (γ_{13})			-4.46***	-4.19***	-4.08***	-3.90***	-4.99***	-3.39***
Eastern regime (γ_{14})			-4.51***	-4.22***	-4.05***	-3.83***	-4.61***	-4.22***
Country-level controls:								
Percentage of immigrants (γ_{15})					-0.06			
Native-born unemployment rate (γ_{15})						-0.11		
Immigrant unemployment rate (γ_{15})							-0.09**	
Employment Protection index (γ_{15})								-1.13*
Individual-leve1 controls:								
Age (γ_{20})				0.003**	0.003**	0.003**	0.003**	0.003**
Age squared (γ_{30})				0.11***	0.11***	0.11***	0.11***	0.11***
Male (γ_{40})				-0.28***	-0.28***	-0.28***	-0.28***	-0.28***
Residential Parent (γ_{50})				-0.01	-0.01	-0.01	-0.01	-0.01
Partnered(γ_{60})				0.23***	0.23***	0.23***	0.23***	0.23***
Rural area (γ_{70})				0.31***	0.31***	0.31***	0.31***	0.31***

Education(γ_{80})				0.18***	0.18***	0.18***	0.18***	0.18***
Employed(γ_{90})				1.18***	1.18***	1.18***	1.18***	1.18***
Inactive (γ_{100})				1.08***	1.08***	1.08***	1.08***	1.08***
Between-country variance (τ_{00})	7.10***	7.10***	1.43***	1.33***	1.34***	1.10***	1.23***	1.34***
Immigrant slope variance (τ_{01})		1.14***	0.66***	0.56***	0.41***	0.58***	0.55***	0.61***
Within-country variance (r_{00})	27.37	27.36	27.34	26.81	26.81	26.81	26.81	26.81
Between-country variance explained (%)			79.80	81.21	81.07	84.45	82.58	81.01
Within-country variance explained (%)			0.1	2.04	2.04	2.04	2.04	2.04
Total variance explained (%)			17%	18%	18%	19%	18%	18%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= generalized trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 10: Estimates from a Hierarchical Linear Regression Model for Trust in Institutions: Welfare Regime Types as Predictors

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	16.13***	16.14***	19.94***	18.23***	18.37***	18.03***	18.64***	18.16***
Bismarckian regime (γ_{01})			-3.09**	-3.07**	-3.35**	-3.20**	-3.06***	-2.82***
Anglo-Saxon regime (γ_{02})			-4.01**	-4.02**	-4.08**	-4.07**	-5.24***	-5.54***
Southern regime (γ_{03})			-4.26***	-3.82**	-3.95**	-3.53**	-4.84***	-2.98***
Eastern regime (γ_{04})			-6.72***	-6.68***	-6.78***	-6.08***	-7.26***	-6.75***
Country-level controls:								
Percentage of immigrants (γ_{05})					0.10			
Native-born unemployment rate (γ_{05})						-0.15+		
Immigrant unemployment rate (γ_{05})							-0.11**	
Employment Protection index (γ_{05})								-1.27*
Immigrant (γ_{10})		16.67***	19.56***	17.95***	18.05***	17.71***	18.41***	17.90***
Bismarckian regime (γ_{11})			-1.91+	-1.74+	-1.90+	-1.87+	-1.72+	-1.56
Anglo-Saxon regime (γ_{12})			-1.61	-1.93	-1.94	-1.99	-3.26*	-2.93+
Southern regime (γ_{13})			-2.57*	-2.27+	-2.36+	-1.96+	-3.44**	-1.77
Eastern regime (γ_{14})			-6.57***	-6.61***	-6.64***	-5.93***	-7.28***	-6.73***
Country-level controls:								
Percentage of immigrants (γ_{15})					0.05			
Native-born unemployment rate (γ_{15})						-0.18		
Immigrant unemployment rate (γ_{15})							-0.12**	
Employment Protection index (γ_{15})								-0.81
Individual-leve1 controls:								
Age (γ_{20})				0.003**	0.003**	0.003**	0.003**	0.003**
Age squared (γ_{30})				0.12***	0.12***	0.12***	0.12***	0.12***
Male (γ_{40})				0.11**	0.11**	0.11**	0.11**	0.11**
Residential Parent (γ_{50})				0.11**	0.11**	0.11**	0.11**	0.11**
Partnered(γ_{60})				0.30***	0.30***	0.30***	0.30***	0.30***

Rural area (γ_{70})				0.20***	0.20***	0.20***	0.20***	0.20***
Education(γ_{80})				0.16***	0.16***	0.16***	0.16***	0.16***
Employed(γ_{90})				1.31***	1.31***	1.31***	1.31***	1.31***
Inactive (γ_{100})				1.34***	1.34***	1.34***	1.34***	1.34***
Between-country variance (τ_{00})	8.25***	8.25***	2.26***	2.11***	2.18***	2.13***	1.77***	1.94***
Within-country variance (r_{00})	31.84	31.82	31.78	31.28	31.28	31.28	31.28	31.28
Immigrant slope variance (τ_{01})		1.21***	0.74***	0.73***	0.74***	0.78***	0.77***	0.66***
Between-country variance explained (%)			72.60	74.42	73.57	74.18	78.54	76.48
Within-country variance explained (%)			0.18	1.75	1.75	1.75	1.75	1.75
Total variance explained (%)			15%	17%	16%	17%	17%	17%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= institutional trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 11: Estimates from a Hierarchical Linear Regression Model for Frequency of Informal Social Contacts: Welfare Regime Types as Predictors.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	10.00***	10.02***	12.68***	13.61***	13.63***	13.38***	13.70***	13.58***
Bismarckian regime (γ_{01})			-2.82*	-2.67*	-2.73*	-2.69*	-2.65*	-2.85**
Anglo-Saxon regime (γ_{02})			-2.88+	-2.93*	-2.95*	-3.09*	-3.18*	-1.09
Southern regime (γ_{03})			-1.62	-1.97+	-1.99	-1.53	-2.15	-2.89*
Eastern regime (γ_{04})			-4.75***	-5.29***	-5.27***	-4.71**	-5.43***	-4.99***
Country-level controls:								
Percentage of immigrants (γ_{05})					0.02			
Native-born unemployment rate (γ_{05})						-0.13		
Immigrant unemployment rate (γ_{05})							-0.02	
Employment Protection index (γ_{05})								1.64*
Immigrant (γ_{10})		9.84***	13.42***	13.35***	13.37***	13.06***	13.70***	13.34***
Bismarckian regime (γ_{11})			-3.38**	-2.54*	-2.59*	-2.52*	-2.44**	-2.73**
Anglo-Saxon regime (γ_{12})			-4.46**	-3.67*	-3.68*	-3.90**	-4.37**	-1.71
Southern regime (γ_{13})			-3.57**	-3.94**	-3.96**	-3.36**	-4.34**	-5.03***
Eastern regime (γ_{14})			-5.96***	-4.20**	-4.15**	-3.57**	-4.56**	-3.95**
Country-level controls:								
Percentage of immigrants (γ_{15})					0.01			
Native-born unemployment rate (γ_{15})						-0.15		
Immigrant unemployment rate (γ_{15})							-0.06	
Employment Protection index (γ_{15})								1.79*
Individual-leve1 controls:								
Age (γ_{20})				-0.14***	-0.14***	-0.14***	-0.14***	-0.14***
Age squared (γ_{30})				0.26***	0.26***	0.26***	0.26***	0.26***
Male (γ_{40})				0.66***	0.66***	0.66***	0.66***	0.66***
Residential Parent (γ_{50})				-0.55***	-0.55***	-0.55***	-0.55***	-0.55***
Partnered(γ_{60})				-2.17***	-2.17***	-2.17***	-2.17***	-2.17***

Rural area (γ_{70})				0.06	0.06	0.06	0.06	0.06
Education(γ_{80})				-0.01	-0.01	-0.01	-0.01	-0.01
Employed(γ_{90})				-0.20	-0.20	-0.20	-0.20	-0.20
Inactive (γ_{100})				0.95***	0.95***	0.95***	0.95***	0.95***
Between-country variance (τ_{00})	8.48***	8.47***	6.89***	6.76***	7.13***	6.93***	6.93***	6.33***
Immigrant slope variance (τ_{01})		1.05***	1.22***	0.80***	0.86***	0.79***	0.71***	0.86***
Within-country variance (r_{00})	93.13	93.13	93.12	82.77	82.77	82.77	82.77	82.77
Between-country variance explained (%)			18.75	20.28	15.91	18.27	18.27	25.35
Within-country variance explained (%)			0.01	11.12	11.12	11.12	11.12	11.12
Total variance explained (%)			2%	12%	11%	12%	12%	12%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= Frequency of informal social contacts coded as (0)= never; (0.5)=less than once a month; (1)=once a month, (3)=several times a month, (4)=once a week, (12)=several times a week, (30)= every day.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 12: Difference between Native-born and Foreign-bon individuals in Generalized Trust across Welfare Regimes.

	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})						
Scandinavian regime (γ_{01})	19.38	17.78	17.89	17.58	17.93	17.74
Bismarckian regime (γ_{02})	16.01	14.79	14.65	14.57	15.21	14.87
Anglo-Saxon regime (γ_{03})	16.88	15.84	15.89	15.68	15.64	14.66
Southern regime (γ_{04})	12.57	11.43	11.44	11.57	10.92	12.05
Eastern regime (γ_{05})	13.23	12.21	12.29	12.54	12.08	12.12
Foreign-born (γ_{00})						
Scandinavian regime (γ_{01})	-1.62**	-1.38**	-1.52**	-1.33**	-1.36**	-1.39**
Bismarckian regime (γ_{02})	-0.68+	-0.43	-0.18	-0.38	-0.34	-0.38
Anglo-Saxon regime (γ_{03})	0.38	0.09	0.12	0.12	-0.04	-0.00
Southern regime (γ_{04})	0.72	0.78+	0.83*	0.76+	0.65	0.90
Eastern regime (γ_{05})	0.01	-0.04	0.02	-0.13	-0.13	-0.00

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= generalized trust coded (0) = no trust at all to (10) = complete trust.

Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 13: Difference between Native-born and Foreign-bon individuals in Trust in Institutions across Welfare Regimes.

	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})						
Scandinavian regime (γ_{01})	19.94	18.23	18.37	18.03	18.64	18.16
Bismarckian regime (γ_{02})	16.85	15.16	15.02	14.82	15.58	15.33
Anglo-Saxon regime (γ_{03})	15.93	14.21	14.30	13.97	13.40	12.62
Southern regime (γ_{04})	15.69	14.41	14.42	14.50	12.62	15.18
Eastern regime (γ_{05})	13.22	11.54	11.58	11.94	11.38	11.40
Foreign--born (γ_{00})						
Scandinavian regime (γ_{01})	-0.38	-0.28	-0.32	-0.31	-0.23	-0.25
Bismarckian regime (γ_{02})	0.80*	1.05**	1.21**	1.01*	1.11**	1.01*
Anglo-Saxon regime (γ_{03})	2.02**	1.81*	1.81*	1.75*	1.74*	2.35*
Southern regime (γ_{04})	1.30*	1.27*	1.27**	1.25*	1.16*	0.95
Eastern regime (γ_{05})	-0.23	-0.20	-0.18	-0.16	-0.25	-0.23

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= institutional trust coded (0) = no trust at all to (10) = complete trust.

Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 14: Difference between Native-born and Foreign-bon individuals in Frequency of Socialization across Welfare Regimes.

	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})						
Scandinavian regime (γ_{01})	12.68	13.61	13.63	13.38	13.70	13.58
Bismarckian regime (γ_{02})	9.85	10.93	10.89	10.69	11.05	10.72
Anglo-Saxon regime (γ_{03})	9.79	10.67	10.66	10.29	10.05	12.48
Southern regime (γ_{04})	11.25	11.64	11.63	11.83	11.54	10.66
Eastern regime (γ_{05})	7.95	9.14	8.36	8.68	8.25	9.14
Foreign-born (γ_{00})						
Scandinavian regime (γ_{01})	0.73	-0.24	-0.25	-0.34	-0.14	-0.27
Bismarckian regime (γ_{02})	0.19	-0.12	-0.11	-0.15	0.03	-0.11
Anglo-Saxon regime (γ_{03})	0.83	-1.00	-0.98	-1.31+	-1.35+	-0.86
Southern regime (γ_{04})	1.21*	-2.23***	-2.23***	-2.14***	-2.36***	-2.35**
Eastern regime (γ_{05})	-0.50	0.83*	0.85+	0.81+	0.71+	0.78+

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= Frequency of informal social contacts coded as (0)= never; (0.5)=less than once a month; (1)=once a month, (3)=several times a month, (4)=once a week, (12)=several times a week, (30)= every day.

Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 15: Estimates from a Hierarchical Linear Regression Model for Generalized Trust: Welfare Effort as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	15.34***	15.37***	15.37***	14.16***	14.16***	14.16***	14.15***	14.14***
Welfare effort (γ_{01})			0.24**	0.22**	0.22*	0.17*	0.20*	0.23**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.01			
Native-born unemployment rate (γ_{05})						-0.21*		
Immigrant unemployment rate (γ_{05})							0.03	
Employment Protection index (γ_{05})								-1.74**
Immigrant (γ_{10})		15.06***	15.08***	13.94***	14.03***	13.93***	13.93***	13.96***
Welfare effort (γ_{11})			0.13*	0.13**	0.13**	0.09+	0.13**	0.13***
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.15			
Country unemployment rate (γ_{13})						-0.17*		
Immigrant unemployment rate (γ_{13})							-0.00	
Employment Protection index (γ_{13})								-1.62**
Individual-level controls:								
Age (γ_{20})				0.002	0.002	0.002	0.002	0.002
Age Squared (γ_{30})				0.11***	0.11***	0.11***	0.11***	0.11***
Male (γ_{30})				-0.27**	-0.27**	-0.27**	-0.27**	-0.27**
Residential Parent (γ_{40})				-0.01	-0.01	-0.01	-0.01	-0.01
Partnered(γ_{50})				0.25***	0.25***	0.25***	0.25***	0.25***
Rural area (γ_{60})				0.30***	0.30***	0.30***	0.30***	0.30***
Education(γ_{70})				0.18***	0.18***	0.18***	0.18***	0.18***
Employed(γ_{80})				1.19***	1.19***	1.19***	1.19***	1.19***
Inactive (γ_{100})				1.10***	1.10***	1.10***	1.10***	1.10***
Between-country variance (τ_{00})	7.08***	7.08***	5.66***	5.00***	5.24***	3.97***	5.27***	4.81***
Immigrant slope variance (τ_{01})		1.20***	0.95***	0.88***	0.71***	0.79***	0.79***	0.90***
Within-country variance (r_{00})	26.95	26.93	26.38	26.38	26.38	26.38	26.38	26.38

Between-country variance explained (%)	20.05%	29.37%	25.98 %	43.92 %	25.56%	32.06%
Within-country variance explained (%)	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%
Total variance explained (%)	6%	8%	7%	11%	7%	8%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= generalized trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 16: Estimates from a Hierarchical Linear Regression Model for Generalized Trust: Welfare Scope as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	15.34***	15.37***	15.37***	14.95***	14.95***	14.16***	14.15***	14.14***
Means-tested benefits (γ_{01})			-0.47	-0.35	-0.34	-0.02	-0.40	-0.37**
Non-means-tested benefits (γ_{02})			0.26**	0.22**	0.23*	0.16+	0.20*	0.25**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.01			
Native-born unemployment rate (γ_{05})						-0.22*		
Immigrant unemployment rate (γ_{05})							0.04	
Employment Protection index (γ_{05})								-1.88**
Immigrant (γ_{10})		15.06***	15.08***	13.94***	14.04***	13.92***	13.92***	13.96***
Means-tested benefits (γ_{11})			-0.01	0.01	0.01	0.29	0.00	-0.03***
Non-means-tested benefits (γ_{12})			0.13*	0.13*	0.13*	0.07	0.13*	0.15***
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.01			
Country unemployment rate (γ_{13})						-0.21**		
Immigrant unemployment rate (γ_{13})							0.00	
Employment Protection index (γ_{13})								-1.60**
Individual-level controls:								
Age (γ_{20})				0.002	0.002	0.002	0.002	0.002
Age Squared (γ_{30})				0.11***	0.11***	0.11***	0.11***	0.11***
Male (γ_{30})				-0.27**	-0.27**	-0.27**	-0.27**	-0.27**
Residential Parent (γ_{40})				-0.01	-0.01	-0.01	-0.01	-0.01
Partnered(γ_{50})				0.25***	0.25***	0.25***	0.25***	0.25***
Rural area (γ_{60})				0.30***	0.30***	0.30***	0.30***	0.30***
Education(γ_{70})				0.18***	0.18***	0.18***	0.18***	0.18***
Employed(γ_{80})				1.19***	1.19***	1.19***	1.19***	1.19***
Inactive (γ_{100})				1.10***	1.10***	1.10***	1.10***	1.10***
Between-country variance (τ_{00})	7.08***	7.08***	6.48***	5.75***	6.04***	4.47***	6.07***	5.60***

Immigrant slope variance (τ_{01})		1.20***	1.15***	0.89***	0.76***	0.91***	0.93***	0.99***
Within-country variance (r_{00})	26.95	26.93	26.92	26.38	26.38	26.38	26.38	26.38
Between-country variance explained (%)			8.47%	18.78%	14.68%	36.86%	14.26%	20.90%
Within-country variance explained (%)			0.01%	0.02%	0.02%	0.02%	0.02%	0.02%
Total variance explained (%)			2%	6%	5%	9%	5%	6%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= generalized trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 17: Estimates from a Hierarchical Linear Regression Model for Trust in Institutions: Welfare Effort as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	16.28***	16.27***	16.21***	14.56***	14.57***	14.57***	14.56***	14.56***
Welfare effort (γ_{01})			0.23**	0.21**	0.21*	0.20*	0.22**	0.21**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.00			
Native-born unemployment rate (γ_{05})						-0.05		
Immigrant unemployment rate (γ_{05})							-0.01	
Employment Protection index (γ_{05})								-0.14
Immigrant (γ_{10})		16.82***	16.74***	15.17***	15.17***	15.17***	15.16***	15.14***
Welfare effort (γ_{11})			0.22***	0.21***	0.20***	0.20***	0.21***	0.20***
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.00			
Country unemployment rate (γ_{13})						-0.02		
Immigrant unemployment rate (γ_{13})							-0.00	
Employment Protection index (γ_{13})								0.18
Individual-level controls:								
Age (γ_{20})				0.002	0.002	0.002	0.002	0.002
Age Squared				0.12***	0.12***	0.12***	0.12***	0.12***
Male (γ_{30})				0.14*	0.14*	0.14*	0.14*	0.14*
Residential Parent (γ_{40})				0.11+	0.11+	0.11+	0.11+	0.11+
Partnered(γ_{50})				0.33***	0.33***	0.33***	0.33***	0.33***
Rural area (γ_{60})				0.18*	0.18*	0.18*	0.18*	0.18*
Education(γ_{70})				0.17***	0.17***	0.17***	0.17***	0.17***
Employed(γ_{80})				1.32***	1.32***	1.32***	1.32***	1.32***
Inactive				1.35***	1.35***	1.35***	1.35***	1.35***
Between-country variance (τ_{00})	7.08***	7.06***	5.12***	4.82***	5.03***	4.17***	4.91***	5.06***
Immigrant slope variance (τ_{01})		1.17***	1.24***	1.14***	1.18***	1.24***	1.23***	1.23***
Within-country variance (r_{00})	31.31	31.29	31.29	30.75	30.75	30.75	30.75	30.75

Between-country variance explained (%)	27.68%	31.92%	28.95%	41.10%	30.64%	28.53%
Within-country variance explained (%)	0.06%	1.80%	1.80%	1.80%	1.80%	1.80%
Total variance explained (%)	5%	7%	7%	9 %	7 %	7 %

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= institutional trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 18: Estimates from a Hierarchical Linear Regression Model for Trust in Institutions: Welfare Scope as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	16.28***	16.27***	16.21***	14.57***	14.56***	14.57***	14.56***	14.56***
Means-tested benefits (γ_{01})			-0.53+	-0.56+	-0.56	-0.54+	-0.54	-0.63+
Non-means-tested benefits (γ_{02})			0.27**	0.24**	0.24**	0.24**	0.26**	0.25**
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.00			
Native-born unemployment rate (γ_{05})						-0.02		
Immigrant unemployment rate (γ_{05})							-0.02	
Employment Protection index (γ_{05})								-0.51
Immigrant (γ_{10})		16.82***	16.74***	15.16***	15.17***	15.16***	15.15***	15.13***
Means-tested benefits (γ_{01})			-0.19	-0.19	-0.28	-0.27	-0.27	-0.28
Non-means-tested benefits (γ_{02})			0.25***	0.25***	0.24***	0.24***	0.26***	0.25***
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.00			
Country unemployment rate (γ_{13})						-0.01		
Immigrant unemployment rate (γ_{13})							-0.01	
Employment Protection index (γ_{13})								-0.02
Individual-level controls:								
Age (γ_{20})				0.002	0.002	0.002	0.002	0.002
Age Squared				0.12***	0.12***	0.12***	0.12***	0.12***
Male (γ_{30})				0.14*	0.14*	0.14*	0.14*	0.14*
Residential Parent (γ_{40})				0.11+	0.11+	0.11+	0.11+	0.11+
Partnered(γ_{50})				0.33***	0.33***	0.33***	0.33***	0.33***
Rural area(γ_{60})				0.18*	0.18*	0.18*	0.18*	0.18*
Education(γ_{70})				0.17***	0.17***	0.17***	0.17***	0.17***
Employed(γ_{80})				1.32***	1.32***	1.32***	1.32***	1.32***
Inactive				1.35***	1.35***	1.35***	1.35***	1.35***
Between-country variance (τ_{00})	7.08***	7.06***	5.55***	5.21***	5.43***	4.39***	5.30***	5.46***

Immigrant slope variance (τ_{01})		1.17***	1.00***	0.94***	0.99***	0.99***	1.01***	0.94***
Within-country variance (r_{00})	31.31	31.29	31.27	30.73	30.73	30.73	30.73	30.75
Between-country variance explained (%)			21.61%	26.41%	23.30%	37.99%	25.14%	22.88%
Within-country variance explained (%)			0.01%	1.85%	1.85%	1.85%	1.85%	1.85%
Total variance explained (%)			4%	6%	6%	8%	6%	6%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= institutional trust coded (0) = no trust at all to (10) = complete trust.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 19: Estimates from a Hierarchical Linear Regression Model for Frequency of Informal Social Contacts: Welfare Effort as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	10.07***	10.08***	10.06***	10.86***	10.86***	10.85***	10.86***	10.86***
Welfare effort (γ_{01})			0.08	0.14+	0.14*	0.08	0.14	0.12
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.04			
Native-born unemployment rate (γ_{05})						-0.19+		
Immigrant unemployment rate (γ_{05})							-0.00	
Employment Protection index (γ_{05})								1.41*
Immigrant (γ_{10})		9.93***	9.79***	10.52***	10.54***	10.45***	10.52***	10.52***
Welfare effort (γ_{11})			0.19*	0.12*	0.13*	0.06	0.12+	0.11+
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.06			
Country unemployment rate (γ_{13})						-0.23**		
Immigrant unemployment rate (γ_{13})							-0.00	
Employment Protection index (γ_{13})								1.03+
Individual-level controls:								
Age (γ_{20})				-0.14***	-0.14***	-0.14***	-0.14***	-0.14***
Age Squared (γ_{30})				0.26***	0.26***	0.26***	0.26***	0.26***
Male (γ_{40})				0.62***	0.62***	0.62***	0.62***	0.62***
Residential Parent (γ_{50})				-0.56***	-0.56***	-0.56***	-0.56***	-0.56***
Partnered (γ_{60})				-2.17***	-2.17***	-2.17***	-2.17***	-2.17***
Rural (γ_{70})				0.09	0.09	0.09	0.09	0.09
Education (γ_{80})				-0.01	-0.01	-0.01	-0.01	-0.01
Employed (γ_{90})				-0.25	-0.25	-0.25	-0.25	-0.25
Inactive (γ_{100})				0.93***	0.93***	0.93***	0.93***	0.93***
Between-country variance (τ_{00})	8.71***	8.71***	8.57***	8.67***	8.67***	8.58***	8.70***	7.61***
Within-country variance (r_{00})	93.20	93.20	93.20	82.81	82.81	82.81	82.81	82.81

Immigrant slope variance (τ_{01})	1.12***	1.27***	1.55***	1.65***	1.54***	1.62***	1.59***
Between-country variance explained (%)		1.60%	0.4%	0.4%	1.49%	0.01%	12.62%
Within-country variance explained (%)		0.00%	11%	11%	11%	11%	11%
Total variance explained (%)		0.13%	10 %	10 %	10 %	10 %	11 %

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= Frequency of informal social contacts coded as (0)= never; (0.5)=less than once a month; (1)=once a month, (3)=several times a month, (4)=once a week, (12)=several times a week, (30)= every day.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.

Table 20: Estimates from a Hierarchical Linear Regression Model for Frequency of Social Contacts: Welfare Scope as Predictor.

	Model 0	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Native-born (γ_{00})	10.07***	10.08***	10.06***	10.86***	10.86***	10.86***	10.87***	10.87***
Means-tested benefits (γ_{01})			0.21	0.24	0.27	0.12	0.24	0.41
Non-means-tested benefits (γ_{02})			0.07	0.13	0.13+	0.07	0.12	0.10
Country-level controls:								
Percentage of immigrants (γ_{05})					-0.04			
Native-born unemployment rate (γ_{05})						-0.20+		
Immigrant unemployment rate (γ_{05})							0.00	
Employment Protection index (γ_{05})								1.51*
Immigrant (γ_{10})		9.93***	9.82***	10.55***	10.56***	10.48***	10.55***	10.56***
Means-tested benefits (γ_{11})			0.13	-0.09	-0.06	-0.19	-0.09	0.02
Non-means-tested benefits (γ_{02})			0.19*	0.11	0.12+	0.05	0.11	0.09
Country-level controls:								
Percentage of immigrants (γ_{13})					-0.04			
Country unemployment rate (γ_{13})						-0.24**		
Immigrant unemployment rate (γ_{13})							-0.00	
Employment Protection index (γ_{13})								0.98
Individual-level controls:								
Age (γ_{20})				-0.14***	-0.14***	-0.14***	-0.14***	-0.14***
Age Squared (γ_{30})				0.26***	0.26***	0.26***	0.26***	0.26***
Male (γ_{40})				0.62***	0.62***	0.62***	0.62***	0.62***
Residential Parent (γ_{50})				-0.56***	-0.56***	-0.56***	-0.56***	-0.56***
Partnered (γ_{60})				-2.17***	-2.17***	-2.17***	-2.17***	-2.17***
Rural (γ_{70})				0.09	0.09	0.09	0.09	0.09
Education (γ_{80})				-0.01	-0.01	-0.01	-0.01	-0.01
Employed (γ_{90})				-0.25	-0.25	-0.25	-0.25	-0.25
Inactive (γ_{100})				0.93***	0.93***	0.93***	0.93***	0.93***

Between-country variance (τ_{00})	8.71***	8.71***	8.70***	8.70***	8.70***	8.70***	8.70***	8.08***
Within-country variance (r_{00})	93.20	93.20	93.20	82.81	82.81	82.81	82.81	82.81
Immigrant slope variance (τ_{01})		1.12***	1.17***	1.47***	1.49***	1.50***	1.54***	1.48***
Between-country variance explained (%)			1.60%	0.1%	0.1%	0.01%	0.01%	7.23%
Within-country variance explained (%)			0.00%	11%	11%	11%	11%	11%
Total variance explained (%)			0%	10%	10%	10%	10%	11%

+p<0.10 *p<0.05, **p<0.01, ***p<0.001‡Outcome variable= Frequency of informal social contacts coded as (0)= never; (0.5)=less than once a month; (1)=once a month, (3)=several times a month, (4)=once a week, (12)=several times a week, (30)= every day.

Model 0: One-way ANOVA with random effects.
Model 1: Random coefficients regression model.
Model 2: Intercepts and slopes as outcomes
Model 3: Intercepts and slopes as outcomes controlling for individual level variables.
Model 4: Intercepts and slopes as outcomes controlling for individual level variables + country percentage of immigrants.
Model 5: Intercepts and slopes as outcomes controlling for individual level variables + native-born unemployment rate.
Model 6: Intercepts and slopes as outcomes controlling for individual level variables + foreign-born unemployment rate.
Model 7: Intercepts and slopes as outcomes controlling for individual level variables + Employment Protection Legislation index.